Kinetics Mutual Funds
First Quarter 2015 - Conference Call with James Davolos
April 7, 2015

Disclosures:

Kinetics Asset Management LLC ("Kinetics") is pleased to announce that on April 7, 2015, James Davolos, Portfolio Manager for certain of the portfolios comprising Kinetics Mutual Funds, Inc. hosted a conference call to financial advisors. The transcript set forth below is intended to provide a summary of Mr. Davolos' remarks.

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The S&P 500 Index represents an unmanaged, broad-based basket of stocks. It is typically used as a proxy for overall market performance. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The Barclays 1-3 U.S. Credit Bond Index is composed of investment grade U.S. credit securities with a maturity between one and three years. The Barclays U.S. Aggregate Bond Index is composed of the Barclays U.S. Government/Corporate Bond Index, Mortgage-Backed Securities Index, and Asset-Backed Securities Index, and includes securities that are of investment grade quality or better, have at least one year to maturity, and have an outstanding par value of at least $100 million. An investor cannot invest directly in an index.

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Chris Bell: I'd like to thank everyone for joining us on the call today. Peter Doyle is away with his family on spring break and we're joined today by James Davolos, who is a portfolio manager and has been with us since 2006. James works closely with Murray Stahl and Peter.

I'd like to remind everyone of our phone number: If you want to get a hold of us you can call 914-703-6950 and you can request a copy of the transcript. You can also email any of us, either myself, at cbell@horizonkinetics.com, Bob Uly (buly@horizonkinetics.com), Tom Gormley (tgormley@horizonkinetics.com), or Marc Schumacher (mschumacher@horizonkinetics.com), or your HRC representative and ask for a copy of the transcript, which should be available in the next week or so.

Our website domains are www.KineticsFunds.com and www.HorizonKinetics.com. On those websites you'll find updated research, performance, information, a listing of our top holdings and historical data as well.

Today's agenda: I will do little bit of talking about active share and our year end commentary and performance and then I will turn it over to James who will break down a little bit of attribution and will highlight a couple of stocks. Then we'll open it up for questions.

It's always a wonderful thing to have a quarterly call or update when our performance is what it is right now. The Paradigm Fund (No-Load Class) is up 5.63% for the quarter. That's outperforming the S&P 500 Index, which is up 0.95% for the same period. The Small Cap Opportunities Fund (No-Load Class) is up 5.16%, with the Russell 2000 Index up 4.32% for the same period (*Click* ***here*** *to view standardized performance of the funds*). We've always said that we "zig" when the market "zags" because of our process of highlighting companies with predictive attributes, most notably, owner-operators. A lot of those companies that are owner-operated are not well represented in indexes because of the float adjustment mechanism utilized in the construction of the major indexes thereby giving our mutual funds a very high active share[1].

Our active share for the Paradigm Fund and the Small Cap Opportunities Fund is over 98%, which we believe makes us a very good choice for your clients and for your portfolios that are highlighting a hub and spoke or a core and satellite type of strategy. A lot of firms these days are coming out with, or have come out with models, which they're calling active passive models. Again we believe that the Paradigm Fund and Small Cap Opportunities Fund would be wonderful additions to such models.

With that I'd like to turn it over to James.

[1] "Active share" is a measure of the percentage of holdings in a portfolio that differ from a benchmark index. It is calculated by taking the sum of the differences of the weight of each holding in the portfolio and the weight of each holding in the benchmark index and dividing by two. Active Share is measured against the Fund's primary benchmark.

James Davolos: Thanks everybody for joining us today. Before I go into the portfolio and the attribution for the last quarter I'd like to take a step back and highlight how we approach value investing and then go through some of the tenets of our investment process.

To frame this conversation, I'm going to reference a study done by Roger Lowenstein of the Columbia Business School. He interviewed Bob Goldfarb of the Sequoia Fund, Inc. about a decade ago and asked Bob Goldfarb to identify ten value investors that are Graham and Dodd "dyed-in-the-wool". They are people who really refuse to deviate from the traditional Graham and Dodd framework for valuing securities. And then after he identified that list of value investors, James Montier conducted a study where, as set forth in his book "Behavioural Investing," he identified six attributes that all of these managers share, and I think that is very relevant to the Horizon Kinetics approach, since all of these attributes are relevant to our products.

The first and perhaps most important attribute relates to portfolio concentration. If you believe in modern portfolio theory or efficient market hypothesis, by diversifying you're reducing the risk in your portfolio. We reject that hypothesis and it's actually something that Bill Ruane of the Sequoia Fund also rejected. Sequoia Fund has one of the best track records of any fund in the investment universe from 1970 when the fund was first founded, and one of the biggest differentiating characteristics of that fund and one of the largest drivers of its huge outperformance was that the fund had an allocation of about 30% of assets into Berkshire Hathaway starting in about 1970 and continuing through the transition of the fund over to Bob Goldfarb.

Basically what they're saying is that when you find businesses that are extremely attractive at the right price with the right management, don't be afraid to put a very high concentration in that company. Just right off the bat I think that a great example of that in our Funds is Howard Hughes Corporation ("Howard Hughes"), where not only do you have what we believe to be world class management, you have irreplaceable assets that we think are poised to grow significantly over the next five to seven years, and you're also buying the company at what we believe is a 35% to 40% discount to a fully discounted net asset value ("NAV") right now.

It's important to differentiate a fully discounted NAV at present day from what we believe the NAV is going to be in seven years., We're generally always going to use at least a 10% to 12% discount rate. When I indicate that it's trading at a 30% to 40% discount, I mean it's trading at that 40% discount to a price level where we would expect to earn a 10% to 12% internal rate of return. Thus, even in the event it does not appreciate to what we believe is fair value, we still expect to be able to earn a double-digit core rate of return. It's very important to differentiate when we talk about stock prices and the current NAV and the current price versus our expected price.

The next attribute, which I think is very significant, is that all of these investors recognize that they only need to know the pertinent information about a company and they don't try to know everything that there is about every company in the portfolio. The most efficient use of our time as allocators of capital is to know the business drivers and differentiate between what the business drivers are and what information is not worth our time to really drill down on. We believe that if we know 90% of the information, our time is much more efficiently allocated than spending hours, if not days and weeks, to find out that last 10% which, more often than not, is not pertinent to the valuation of the company.

The third attribute, which I think Horizon Kinetics is probably best known for, is that all of these investors ignore the institutional imperative, which is two-fold. One is to be fully invested at all times and two is to have a very low tracking error against the benchmark. Almost by definition, if you follow those two criteria, it's going to make it very difficult to outperform any referenced benchmark. By both choice and inclination, we are contrarians and consistent with the value investors included in the study, we believe that's an absolutely critical variable to long-term outperformance.

That links into the fourth attribute, which is that all of those investors that were identified are very long-term focused. I think that “long-term” is an overused term right now, since everyone claims they invest for the long-term. But the best way to really quantify that is to look at the turnover. If you examine the turnover in the Paradigm Fund or the Small Cap Opportunities Fund it's actually higher than it should be and that's simply due to fund flows. If you look at the turnover of our core positioning, it implies a greater than five-year holding period, which I think very few "long-term managers" can claim.

The fifth attribute of all these managers, which again links in with the institutional imperative, is that they have to have a willingness to accept “bad” years. It's a bad year when you have a permanent impairment of capital. It's not a bad year when you underperform a reference index, especially if we believe that our strategies and our portfolios provide natural diversification. Hence, if you have 95% or 98% active share, that in and of itself is a diversification measure for most people's conventional equity allocations. As a function of that, we are willing to accept years where our returns deviate from the indices to the downside, as long as they don't result in the permanent impairment of capital.

The sixth and final attribute of these investors is that they're all willing to close their funds and manage capacity as the investment universe narrows. This is something that we're acutely aware of after expanding rapidly leading up to 2007-2008. We have daily tests and daily analyses evaluating whether our opportunity set is impaired by the size of our assets under management. We are totally willing to close our strategies once we feel confined by the size of our assets under management.

Consequently, within the framework of these six tenets of the "dyed-in-the-wool" value investors, I'm just going to highlight some of the key investment tenets of Horizon Kinetics. First and foremost, we're value investors who allow time and compounding to work to our clients' advantage. We focus on conducting bottom up fundamental analysis and understanding the business drivers that are going to be key determinants of long-term value.

Consistent with my previous statement about discounted NAVs and long-term holding periods, we believe that there is an equity yield curve similar to a fixed income yield curve, where the further out you go, the more uncertainty there is, and the higher the discount rate is going to be—not as a function of the ultimate returns, but as a function of the uncertainty of the timing around the ultimate realization of those returns. Similarly, we recognize that investing is as much (if not more) a qualitative process as a quantitative one. In other words, investing is a social science rather than a physical science, and academia and mainstream investors' insistence on quantifying everything is often both misguided and impossible. There are certain things that cannot be quantified. I think the best example of that is using a beta[2] figure through a Capital Asset Pricing model to calculate your weighted average cost of capital. A beta is nothing more than a regression variable which has very little to do with the true risk of the investment, let alone what the stream of returns is going to be going forward.

In line with that, we do not believe that volatility is the same as risk. There is always going to be short-term volatility in the equity market, and that is something that you have to be willing to accept in order to achieve the higher rates of return that you're seeking to receive.

Finally, everybody on the investment team at Horizon Kinetics, particularly Murray Stahl, Peter Doyle and Steven Bregman, has a substantial portion of their net worth invested alongside our clients. I think that's a very important variable of almost any investment strategy that you're going to look at. Are the portfolio managers "eating their own cooking?" In the case of Horizon Kinetics it starts at the top and flows down to the employees—we are invested alongside you.

With that summary of value investing and key tenets of our process, I'm going to do a quick review of some of the positions that had some notable achievements in the first quarter of this year. First and foremost is Howard Hughes, which continues to be the largest position in several of the funds. Howard Hughes reported full year results and released its annual report last month. It's not included in the annual report, but if you read the shareholder letter written by David Weinreb, the CEO, he actually breaks out the net operating income that he has in place from current development.

Just to frame this information, one of the biggest reasons for the huge discount in Howard Hughes is that there's a huge amount of variability in a), the timing and b), the ultimate operating income and development margin in many of his projects. I encourage our investors to read David Weinreb's letter. In that letter he actually gives you a projection of “in place” net operating income. So again, this doesn't include a lot of properties and a lot developments that are not yet "in place". They project over $200 million in net operating income, to which the investment community is now going to assign a capitalization rate. If you look at the other projects, look at the book value, and as the company becomes easier and easier to value, I think that 35% to 40% discount that we mentioned earlier is going to contract significantly.

[2] Beta is a statistic that measures the volatility of a security, as compared to that of the overall market. The market’s beta is set at 1.00; a beta higher than 1.00 is considered to be more volatile than the market, while a beta lower than 1.00 is considered to be less volatile. It is important to note that a low beta for a fund does not necessarily imply that the fund has a low level of volatility, a low beta signifies only that the fund’s market related risk is low.

Another large position that's been a core holding of ours for over a decade is AutoNation, Inc. ("AutoNation"). For those of you that aren't familiar with the company, AutoNation is basically a large auto dealership company that aims to have all of the relevant and primary brands in all of their large markets. The auto dealership industry was sold off pretty severely after the financial crisis when people delayed their purchases of new autos, and it actually took a full six years from the financial crisis for new vehicle purchases to re-attain their 2006 levels. Even after they achieved those levels in 2014, there is still a lot of doubt surrounding the stock because people believe that it's a very cyclical industry and that the replacement cycle is obviously going to cycle downwards, and you're not going to have the same momentum from new auto sales scaling that you had over the past four years.

We disagree with that for many reasons, the first of which is we think that the 2006 level is sustainable using the five-year replacement cycle. There is also a lot of pent up demand where you had about six years without operating at full capacity of new car purchases. In other words, a lot of the cars on the road are much older than historically; therefore, we think there's a much longer runway of growth, not to mention sustainable new and used auto sales. But that's actually not the key driver to the investment. The key driver is that with all of these new car sales, new car sales is actually a very low margin business—high revenue, low margin.

What's important is that most people, when they buy new cars, are going to sign up for a three or a five-year warranty. With that three or five-year warranty basically you're signing up for a very attractive return stream for the auto dealerships through the parts and service departments, and these parts and service departments have 30% profit margins. Hence, with new car sales there's a trail of three to five-year warranty packages that are going to provide a very high, predictable cash flow to these dealerships.

Even though the prices might not reflect it, as the stocks are still trading at a very low earnings multiple, I think the masses are starting to understand how attractive large, scalable auto franchises are. As evidence, if you read Berkshire Hathaway's annual report, Warren Buffett notes that he bought a fairly large auto dealership chain and stated that he is aggressively looking for new add-on and bolt-on acquisitions of complementary dealerships.

Another name, one that is newer in the portfolios, not because we bought it recently, but as a function of a spin-off, is a company called Liberty Broadband Corp. ("Liberty Broadband"). Liberty Broadband was spun-out of Liberty Media Corp. as a means for the company to monetize its minority interest stakes in Charter Communications, Inc. ("Charter") and Time Warner Cable Enterprises Inc. ("Time Warner Cable"). Charter is the third largest cable player in the United States and it typically serves secondary markets, and with secondary markets there's a much lower penetration rate. However, Tom Rutledge, the CEO and President of Charter who we believe is a best in class operator in the cable industry, with John Malone's backing, is going to roll up these secondary and tertiary markets.

I think it was overlooked that Charter may benefit very materially from the proposed merger of Time Warner Cable and Comcast Corp. It was thought that Charter lost out on the Time Warner deal, but actually the company ended up gaining a substantial number of subscribers, and it also has a management contract equivalent to over 4% of revenue for GreatLand Communications, Inc., which will be spun out of Comcast if the merger receives regulatory approval. These divestitures out of what will be Comcast/Time Warner are to comply with FCC rules and anti-competition rules.

Just recently, Charter announced that it's going to buy Bright House Networks LLC, where it is going to roll in another large quantity of cable subscribers. Cable is very scalable and it's consolidating. There is a lot of concern over "cord cutting," where people are no longer going to have basic cable, but at the end of the day these cable companies also provide the high-speed internet service which drives a lot of the streaming products; accordingly, I think a lot of these concerns are overdone. But as a result of these concerns the cable industry is trading at about seven times EBITDA[3], which is historically a very low number, and we think that could expand quite substantially.

Another name that's actually undergone some transition, which I think is very positive but which the market met with skepticism, is DreamWorks Animation SKG, Inc. ("DreamWorks"). Basically, over the last three to five years, Jeffrey Katzenberg, the owner-operator at DreamWorks, has been laying the foundation for new revenue drivers in the form of different complementary businesses to his feature film business. As a result, he hasn't spent the amount of time on film production as he has historically, and the films have suffered substantially. If you look at the box office results, the films have not done very well in the last four or five years since they've last had a "blockbuster."

Jeff Katzenberg realized that all of these avenues for monetizing his content are not as valuable unless the new content is successful and as high in quality as it has been historically. Therefore he realized that he couldn't put out three films a year and maintain the quality that he was used to; hence he decided to cut costs, to slash staff and to focus on two core films per year. Wall Street doesn't like this approach because they're saying that you promised me three films a year; however, we think two great films are a lot better than three mediocre films.

Obviously, these initiatives were only in the very beginning stages during the final development of the most recent release, but DreamWorks' latest film *Home* had very strong international results and domestic box office figures, which resulted in a bit of a bump in the stock. We continue to think that DreamWorks is one of the most compelling scarce asset owners due to the form of their high-quality content.

Some smaller companies that are in the portfolio that I think are worth mentioning are some of the other content companies because they're traded at what we think are really remarkable discounts. DreamWorks has movie content, as discussed above. Another great business is Discovery Communications, Inc. ("Discovery"), through their namesake Discovery Networks, as well as the Learning Channel Networks. This company is trading at an unprecedented multiple where it's priced at

[3] Earnings before interest, taxes, depreciation and amortization.

only 10 times free cash flow. The reason for that is a lot of the people that bid up the shares historically were paying over 20 times cash flow for Discovery and there has been a very strong ramp of growth in domestic networks, subscribers and ad growth.

Advertising represents about 50% of consolidated revenues, and advertising sales have been weak in the United States for a variety of cable networks. If you read any of the management commentaries, whether it be Scripps Networks, Discovery Communications, or Viacom, Inc., they all mention that they're working with Nielsen because Nielsen doesn't capture all of the views that are not linear. Linear television meaning you sit down on a Wednesday night at 8:00 o'clock and watch an episode of some sitcom. Nielsen only captures that linear view plus three days after on video on demand and DVR recordings. All of these CEOs argue that non-traditional viewing is accounting for almost 50% of views which Nielsen fails to capture.

As a function of Nielsen failing to capture this, and the fact that the advertising rates are set based off of Nielsen ratings, advertising revenues have been hit. Therefore, once these companies work out a way to properly measure this phenomenon, I think advertising revenue is going to stabilize and then people are going to realize that Discovery is growing at double-digit rates internationally.

Another company, which I mentioned in that conversation is Viacom, Inc. (“Viacom”). Viacom also has very attractive networks with MTV, Comedy Central, and others that target a younger demographic that a lot of advertisers want to target. This morning, Viacom announced a re-organization where the stock is down 2% because they're taking a $785 million pre-tax charge. But if you read the press release and read the outline, they expect $350 million of annual savings. It's pretty easy to do a net present value calculation where in their first year you have an outflow of $785 million and then a perpetual stream of $350 million of synergies. That's an area that I think is very interesting and which other value investors are starting to appreciate.

One last item before we go into the Q&A that I'd like to talk about is over the years some of our most successful investments and many of the top positions in the Funds have been through spin-offs. Spin-offs historically, when undertaken with the noblest intentions, unlock a material benefit that the spun-off company will achieve by being separated from the parent company. Let's say a large cap company spins off a small cap company. The small cap company might not be getting appropriate resources within a large conglomerate.

A perfect example is Howard Hughes. You have a mall REIT[4] with General Growth Properties, Inc. where all people care about is funds from operations from malls. Howard Hughes has a huge development portfolio. Those two business models are at odds with each other and you're not going to get the right multiple or capital allocation for either business, because REITs have to pay out 90% of their pre-tax earnings. But what we're noticing in spin-offs more recently is that, especially in the media

[4] Real estate investment trust.

sector, you're seeing companies where a lot of these companies have broadcasting assets which are still very attractive ad-based models, but they have local networks that have live entertainment, sports, news, and other content that have much stickier viewers than do some of these cable networks that are under pressure.

They also own publishing businesses which range from local to regional newspapers and periodicals. You can look at a variety of these companies: Time Warner did it with Time Inc., Fox did it with News Corp., and then more recently there are companies like Gannett Co., Inc., Graham Holdings Company and New Media Investment Group Inc. What they're doing is separating the publishing business and levering it up by putting long-term debt on the publishing assets and paying back a special dividend to the parent company. This enriches the parent at the expense of the spun-off company.

I think people need to be very careful in looking at the motivations of spin-offs and not just blindly buy the spun-off entity. In this case, you're much better off staying with the parent that had the cash influx while distributing its lower margin, low to negative growth businesses to shareholders tax free.

With that, I'll turn it back to Chris and we can go through some questions and answers.

Chris Bell: James, you talked a little bit about Liberty Broadband and the deal. If you want to own Liberty Global PLC ("Liberty Global") can you get ownership in that through Liberty Media Corp. ("Liberty Media") or do you have to purchase Liberty Global and what do you think about Liberty Global and Liberty Broadband potentially coming together at some point?

James Davolos: Liberty Broadband is actually not one of the primary Liberty entities as we view it. We look at where John Malone and Greg Maffei have really aligned businesses for growth through different avenues that were in the original Liberty Media Corp when it was three tracking stocks.

As to Liberty Global, I think we're a little bit late to the game there, where Liberty Global recognized that there is a huge synergy potential for the consolidation of regional cable networks in Europe. If you look at where prices have gone from where these cable companies were trading to where they're trading now it's already run a pretty good way. Right now you're saying can they execute? Can they roll up European cable? Again, at the right price we like that investment, but I think we missed out on the early easy gains there.

We continue to think that buying something like Liberty Media, the original parent whose primary investments are Sirius XM Holdings Inc. and Live Nation Entertainment, at a 15% to 20% discount represents a much more attractive investment opportunity. Similarly, at Liberty Broadband, where you have Charter and Time Warner Cable, I think that John Malone and Tom Rutledge are the perfect team to consolidate the secondary markets that the Comcasts of the world are ignoring. All of the Liberties have a different value add. I believe that they're all attractive in their own right, but when it comes down to where we're putting our money and where we're weighting our money, a), we're looking at what John Malone is doing and b), we're looking at where it is priced.

Questioner 1: Hi guys and thank you for the call. I was talking with some folks the other night about your funds and then of course they go on the internet and they look up Paradigm Fund (No-Load Class) and then they question my judgment because they look at one-year, three-year, five-year returns and your numbers that have not outperformed the S&P 500 Index and you still have to factor in fees. What do I tell them?

James Davolos: I think it's frustrating. Going back to the Roger Lowenstein study, we have to accept bad years as value investors and, again, a bad year for us is not underperforming an index, it's more when you have a permanent impairment of capital. When we look at certain of our long-term returns, yes we're disappointed, but I think that we're going through an abnormal change right now in markets where value investors, particularly value investors that have high active share, have been swimming against the current of ETFs and indexation. We think it's only a matter of time until this changes, but in the meantime we're going to have to suffer some. Again, these last three to five years with the huge influx into indices, large cap names, and Russell 2000 names have temporarily distorted prices.

With that I'd like to reference our since inception numbers, where we still annualize over 500 basis points per year better than the S&P 500 Index and I think that's indicative of what our strategy could achieve over the fullness of time. But I think there are abnormal circumstances that are now temporarily impacting the longer-term returns of the fund.

Chris Bell: The other thing is if you look at the fund at the beginning of last year, the one, three, five, ten year and since inceptions numbers were outperforming the market. If you figure the Paradigm Fund specifically has been in existence for the last 15 years, it's only underperformed in three of those years and never two years in a row; therefore, I would pound the table and say you're getting a value here.

Chris Bell: James, I'd like to ask you another question. I've had a couple of people from the field ask me how much lower can DREAM Unlimited Corp. ("Dream Unlimited") go as it relates to Dundee Corp. ("Dundee"). Also, can you talk about the Scotiabank position? You told me today that they had sold that position. I didn't realize they had. Now that Ned Goodman has become non-executive chairman what is he up to?

James Davolos: Actually, the Scotiabank transaction is particularly relevant in terms of what Dundee is doing. Just to go into Dundee, before we actually go into the business itself, Dundee is trading at 50% of book value and almost all of that is tangible book value. It's very rare to see a company trading at half of tangible book value unless it's under financial distress and Dundee is far from under financial distress. There are basically two elements to that book value. There are the operating subsidiaries, which are primarily oil and gas, metals and minerals and then some agricultural operating subsidiaries, and the other half of book value is the investment portfolio. The investment portfolio at one time had over $1 billion of Scotiabank stock, which was from Dundee's sale of DundeeWealth Inc. ("DundeeWealth") to Scotiabank in 2011.

They've since liquidated the shares in Scotiabank, but the reason the Scotiabank transaction is actually relevant right now is that as part of the terms of the sale of DundeeWealth there was a non-compete provision where Ned Goodman could not engage in asset management that would compete directly with DundeeWealth. Those non-compete provision have expired and I think the reason that Ned Goodman stepped down as chairman is he wants to focus all of his time and resources on rebuilding the wealth management business that was really the primary driver of the net asset value growth at Dundee over time.

I think right now, again, you're either getting the operating subsidiaries or the investment portfolio for free. Each is about $700 million. You're getting one of them for free. Then you also have a free call option on Ned Goodman rebuilding his wealth management franchise which was a multi-billion dollar entity sold for almost $1 billion.

In terms of Dream Unlimited, I think it continues to suffer from the perception that the land assets that Dream Unlimited owns are going to decline in value as a function of oil markets declining and a function of mineral and metals markets stagnating. But the Canadian economy is much more dynamic and much more diverse, where a setback in commodity prices is not going to devastate REIT real estate prices to the extent that it's priced into Dream Unlimited. Again, if you look at the land bank that Dream Unlimited owns, that in and of itself is where almost all the value resides. They still have the asset management contract. Dream Office REIT, which is one of the three REITs that Dream Unlimited manages, actually bought back the asset management business from Dream Unlimited today. But Dream Unlimited still maintains an incentive fee related to increases in NAV of Dream Office REIT and that's purely as an advisory contract. Although they don't have the day-to-day, as a strategic advisor they have incentive fees related to net asset value growth at Dream Office REIT.

Consequently, I think that's actually a much more attractive, less capital intense type of business structure for Dream Unlimited shareholders. Also, at Dream Office REIT they don't want to be paying the asset management fee if they think they can internalize it. It really looks like a win-win transaction, but it's kind of cloudy if you just look at it from the headlines of the press release.

Chris Bell: What do you think the Canadian Pacific Railway Ltd. ("Canadian Pacific") deal is going to do for Dream Unlimited?

James Davolos: Again, that's a really long-term value where Canadian Pacific, just to reiterate, is one of the two main railroad companies in Canada. In its portfolio, adjacent to much of its rail, it has a very substantial real estate portfolio. Canadian Pacific hired Dream Unlimited to act as a strategic advisor to help them monetize that land value. It's going to be a very long-term play; therefore, I think this is not even priced into the stock, but something that could add very attractive optionality into the stock over the long-term.

Chris Bell: And if you're looking at the actual valuation of Dream Unlimited, you said you put Dundee at 50% of book value and in Dundee you get the big piece of Dream Unlimited. Is the best way to buy Dream Unlimited through Dundee or do you think it is more bang for your buck to buy Dream Unlimited straight up?

James Davolos: There are different variables at play. I think that Dundee is so attractive because it's so cheap. Dream Unlimited is cheap, but Dundee is incredibly cheap. If you want to concentrate your bet into the real estate portfolio I think you're going to receive a very attractive rate of return in Dream Unlimited, but I also think that simply as a function of the discount at which Dundee is trading, it presently offers a pretty interesting investment opportunity.

Questioner 2: You've talked in the past about the equity yield curve, and if you look at the portfolio today and you look at the return on investment, fast forward five years from now what would you be happy with or what are your expectations, realistic expectations for the portfolio five years out?

James Davolos: When you look at our fundamental analysis and valuation work, back to the Howard Hughes example, we don't think we're approaching fair value for the vast majority of companies in the portfolio. I'd say most companies trade at a double-digit discount to a fully discounted NAV, and that fully discounted NAV or fully discounted stream of cash flows is further discounted at a 10% to 12% discount rate in our valuation models. Hence, I think that we should be able to achieve a hurdle rate of return of 10% over the next five years, even without multiple expansion. If you have multiple expansion you can have really extraordinary returns in something like a Discovery trading at 10 times free cash flow or Howard Hughes trading at a 35% discount to NAV.

Obviously we're not as sanguine about the broader markets, and we think that it's very unlikely to almost impossible for the markets at large to achieve that rate of return, and that's simply a function of a lot of the companies that are dominating the indices. Great businesses, but they're mature. Now that they're mature they're running out of growth, they're running out of initiatives to increase profit margins, and if they're trading at 20 times earnings that gives you very little leeway to earn outsized market returns.

Chris Bell: Thank you everyone for joining us today. I'd like to remind everyone that if they'd like to get a copy of this transcript you can do so by either emailing Bob, Tom, Mark, or myself, or your HRC representative, or you could call 914-703-6950 and get on the list so that as soon as it's available it will be sent out to you. You can also go to our website www.KineticsFunds.com and it will be posted there. Again, if you'd like some updated research you can look at the Horizon Kinetics website at www.HorizonKinetics.com.

I urge you to take a look at the Alternative Income Fund. The Alternative Income Fund has extremely low volatility and is outperforming its indexes and is in the top of its class when compared to short-term bonds funds, which is pretty spectacular.

Thank you very much and I hope everyone has a nice day.

PERFORMANCE AND HOLDINGS INFORMATION

Internet Fund

As of March 31, 2015	WWWFX (Net of Fees)	S&P 500 Index	NASDAQ Index
TOTAL RETURN			
Year-to-Date	**1.75%**	0.95%	3.48%
One Year *(annualized)*	**5.81%**	12.73%	16.72%
Three Year *(annualized)*	**16.93%**	16.11%	16.60%
Five Year *(annualized)*	**15.17%**	14.47%	15.37%
Ten Year *(annualized)*	**11.18%**	8.01%	9.38%
Since Inception*(annualized)*	**15.29%**	7.94%	7.75%

Performance data quoted is as of March 31, 2015. All figures are annualized. Past performance does not guarantee future results. The inception date for WWWFX is October 21, 1996. As a no-load fund, there is no sales charge. The above performance is without dividends reinvested. Investment return and principal value will vary, and shares may be worth more or less at redemption than original purchase. The Fund's operating expense ratio, gross of any fee waiver or expense reimbursements is 1.84%. Kinetics Asset Management LLC, the Investment Adviser to the Internet Fund, has voluntarily agreed to waive fees and reimburse expenses so that Total Annual Fund Operating Expenses do not exceed 1.89% for No Load Class shares. These waivers and reimbursements may be discontinued at any time. Visit www.kineticsfunds.com for the most recent month-end performance data and a copy of the most recent Prospectus.

Medical Fund

As of March 31, 2015	MEDRX (Net of Fees)	S&P 500 Index	NASDAQ Index
TOTAL RETURN			
Year-to-Date	**9.39%**	0.95%	3.48%
One Year *(annualized)*	**21.52%**	12.73%	16.72%
Three Year *(annualized)*	**24.89%**	16.11%	16.60%
Five Year *(annualized)*	**16.84%**	14.47%	15.37%
Ten Year *(annualized)*	**12.45%**	8.01%	9.38%
Since Inception*(annualized)*	**10.94%**	5.10%	3.81%

Performance data quoted is as of March 31, 2015. All figures are annualized. Past performance does not guarantee future results. The inception date for MEDRX is September 30, 1999. As a no-load fund, there is no sales charge. The above performance is without dividends reinvested. Investment return and principal value will vary, and shares may be worth more or less at redemption than original purchase. The Fund's operating expense ratio, gross of any fee waiver or expense reimbursements is 2.09%. Kinetics Asset Management LLC, the Investment Adviser to the Medical Fund, has voluntarily agreed to waive fees and reimburse expenses so that Total Annual Fund Operating Expenses do not exceed 1.39% for No Load Class shares. These waivers and reimbursements may be discontinued at any time. Visit www.kineticsfunds.com for the most recent month-end performance data and a copy of the most recent Prospectus.

Global Fund

As of March 31, 2015	WWWEX (Net of Fees)	S&P 500 Index	MSCI ACW Index
TOTAL RETURN			
Year-to-Date	**4.13%**	0.95%	2.31%
One Year *(annualized)*	**-7.03%**	12.73%	5.42%
Three Year *(annualized)*	**8.41%**	16.11%	10.75%
Five Year *(annualized)*	**6.96%**	14.47%	8.99%
Ten Year *(annualized)*	**4.69%**	8.01%	6.44%
Since Inception*(annualized)*	**-2.23%**	4.24%	3.36%

Performance data quoted is as of March 31, 2015. All figures are annualized. Past performance does not guarantee future results. The inception date for WWWEX is December 31, 1999. As a no-load fund, there is no sales charge. The above performance is without dividends reinvested. Investment return and principal value will vary, and shares may be worth more or less at redemption than original purchase. The Fund's operating expense ratio, gross of any fee waiver or expense reimbursements is 2.84%. Kinetics Asset Management LLC, the Investment Adviser to the Global Fund, has voluntarily agreed to waive fees and reimburse expenses so that Total Annual Fund Operating Expenses do not exceed 1.39% for No Load Class shares. These waivers and reimbursements may be discontinued at any time. Visit www.kineticsfunds.com for the most recent month-end performance data and a copy of the most recent Prospectus.

Paradigm Fund

As of March 31, 2015	WWNPX (Net of Fees)	S&P 500 Index	MSCI ACW Index
TOTAL RETURN			
Year-to-Date	**5.63%**	0.95%	2.31%
One Year *(annualized)*	**3.51%**	12.73%	5.42%
Three Year *(annualized)*	**16.63%**	16.11%	10.75%
Five Year *(annualized)*	**12.36%**	14.47%	8.99%
Ten Year *(annualized)*	**8.05%**	8.01%	6.44%
Since Inception*(annualized)*	**9.47%**	4.24%	3.36%

Performance data quoted is as of March 31, 2015. All figures are annualized. Past performance does not guarantee future results. The inception date for WWNPX is December 31, 1999. As a no-load fund, there is no sales charge. The above performance is without dividends reinvested. Investment return and principal value will vary, and shares may be worth more or less at redemption than original purchase. The Fund's operating expense ratio, gross of any fee waiver or expense reimbursements is 1.72%. Kinetics Asset Management LLC, the Investment Adviser to the Paradigm Fund, has voluntarily agreed to waive fees and reimburse expenses so that Total Annual Fund Operating Expenses do not exceed 1.64% for No Load Class shares. These waivers and reimbursements may be discontinued at any time. Visit www.kineticsfunds.com for the most recent month-end performance data and a copy of the most recent Prospectus.

Small Cap Opportunities Fund

As of March 31, 2015	KSCOX (Net of Fees)	Russell 2000 Index	S&P 500 Index
TOTAL RETURN			
Year-to-Date	**5.16%**	4.32%	0.95%
One Year *(annualized)*	**-2.90%**	8.21%	12.73%
Three Year *(annualized)*	**19.32%**	16.27%	16.11%
Five Year *(annualized)*	**13.27%**	14.57%	14.47%
Ten Year *(annualized)*	**8.76%**	8.82%	8.01%
Since Inception*(annualized)*	**10.35%**	7.05%	4.34%

Performance data quoted is as of March 31, 2015. All figures are annualized. Past performance does not guarantee future results. The inception date for KSCOX is March 20, 2000. As a no-load fund, there is no sales charge. The above performance is without dividends reinvested. Investment return and principal value will vary, and shares may be worth more or less at redemption than original purchase. The Fund's operating expense ratio, gross of any fee waiver or expense reimbursements is 1.73%. Kinetics Asset Management LLC, the Investment Adviser to the Small Cap Opportunities Fund, has voluntarily agreed to waive fees and reimburse expenses so that Total Annual Fund Operating Expenses do not exceed 1.64% for No Load Class shares. These waivers and reimbursements may be discontinued at any time. Visit www.kineticsfunds.com for the most recent month-end performance data and a copy of the most recent Prospectus.

Market Opportunities Fund

As of March 31, 2015	KMKNX (Net of Fees)	S&P 500 Index	MSCI EAFE Index
TOTAL RETURN			
Year-to-Date	**2.16%**	0.95%	4.88%
One Year *(annualized)*	**-2.46%**	12.73%	-0.92%
Three Year *(annualized)*	**12.47%**	16.11%	9.02%
Five Year *(annualized)*	**10.68%**	14.47%	6.16%
Since Inception*(annualized)*	**7.11%**	7.64%	3.27%

Performance data quoted is as of March 31, 2015. All figures are annualized. Past performance does not guarantee future results. The inception date for KMKNX is January 31, 2006. As a no-load fund, there is no sales charge. The above performance is without dividends reinvested. Investment return and principal value will vary, and shares may be worth more or less at redemption than original purchase. The Fund's operating expense ratio, gross of any fee waiver or expense reimbursements is 1.88%. Kinetics Asset Management LLC, the Investment Adviser to the Market Opportunities Fund, has voluntarily agreed to waive fees and reimburse expenses so that Total Annual Fund Operating Expenses do not exceed 1.64% for No Load Class shares. These waivers and reimbursements may be discontinued at any time. Visit www.kineticsfunds.com for the most recent month-end performance data and a copy of the most recent Prospectus.

Alternative Income Fund (formerly The Water Infrastructure Fund)

As of March 31, 2015	KWINX (Net of Fees)	Barclays 1-3 Yr. Credit	Barclays U.S. Aggregate
TOTAL RETURN			
Year-to-Date	**1.44%**	0.70%	1.61%
One Year *(annualized)*	**1.93%**	1.35%	5.72%
Three Year *(annualized)*	**3.56%**	1.79%	3.10%
Five Year *(annualized)*	**1.65%**	2.27%	4.41%
Since Fund Inception*(annualized)*	**-0.44%**	3.61%	5.29%

Performance data quoted is as of March 31, 2015. All figures are annualized. Past performance does not guarantee future results. The inception date for KWINX is June 29, 2007. As a no-load fund, there is no sales charge. The above performance is without dividends reinvested. Investment return and principal value will vary, and shares may be worth more or less at redemption than original purchase. The Fund's operating expense ratio, gross of any fee waiver or expense reimbursements is 2.27%. Kinetics Asset Management LLC, the Investment Adviser to the Alternative Income Fund, has voluntarily agreed to waive fees and reimburse expenses so that Total Annual Fund Operating Expenses do not exceed 0.95% for No Load Class shares. These waivers and reimbursements may be discontinued at any time. Visit www.kineticsfunds.com for the most recent month-end performance data and a copy of the most recent Prospectus.

Multi-Disciplinary Income Fund

As of March 31, 2015	KMDNX (Net of Fees)	Barclays U.S. Aggregate	Barclays U.S. High Yield
TOTAL RETURN			
Year-to-Date	**1.68%**	1.61%	2.52%
One Year *(annualized)*	**2.46%**	5.72%	2.00%
Three Year *(annualized)*	**4.28%**	3.10%	7.46%
Five Year *(annualized)*	**6.55%**	4.41%	8.59%
Since Inception*(annualized)*	**5.20%**	4.67%	9.37%

Performance data quoted is as of March 31, 2015. All figures are annualized. Past performance does not guarantee future results. The inception date for KMDNX is February 11, 2008. As a no-load fund, there is no sales charge. The above performance is without dividends reinvested. Investment return and principal value will vary, and shares may be worth more or less at redemption than original purchase. The Fund's operating expense ratio, gross of any fee waiver or expense reimbursements is 1.88%. Kinetics Asset Management LLC, the Investment Adviser to the Multi-Disciplinary Income Fund, has voluntarily agreed to waive fees and reimburse expenses so that Total Annual Fund Operating Expenses do not exceed 1.49% for No Load Class shares. These waivers and reimbursements may be discontinued at any time. Visit www.kineticsfunds.com for the most recent month-end performance data and a copy of the most recent Prospectus.

(Holdings begin on next page)

Internet Fund **Top 10 Holdings (%) as of March 31, 2015**	
EchoStar Corporation - Class A	7.2%
Liberty Interactive Corporation - Class A	6.6%
DISH Network Corp. - Class A	6.4%
Liberty Media Corporation - Class C	4.8%
Liberty Global plc - Series C	4.6%
Liberty Ventures - Series A	4.6%
Google Inc. - Class C	3.6%
Scripps Networks Interactive - Class A	3.5%
The Madison Square Garden Company - Class A	3.3%
Google Inc. - Class A	3.1%

Paradigm Fund **Top 10 Holdings (%) as of March 31, 2015**	
The Howard Hughes Corporation	12.6%
Texas Pacific Land Trust	7.5%
Icahn Enterprises LP	7.4%
AutoNation, Inc.	5.0%
Brookfield Asset Management Inc. - Class A	4.8%
DISH Network Corp. - Class A	3.9%
Live Nation Entertainment, Inc.	3.7%
Jarden Corporation	3.6%
Liberty Media Corporation - Class C	3.5%
CBOE Holdings Inc.	3.5%

Medical Fund **Top 10 Holdings (%) as of March 31, 2015**	
Biogen Inc.	10.4%
Bristol-Myers Squibb Company	7.4%
Novartis AG	6.0%
Eli Lilly & Company	5.7%
Pfizer, Inc.	5.4%
Alkermes plc	5.2%
Shire plc	4.9%
Johnson & Johnson	4.8%
Receptos, Inc.	4.5%
Affymetrix, Inc.	4.4%

Market Opportunities Fund **Top 10 Holdings (%) as of March 31, 2015**	
Icahn Enterprises LP	10.0%
Texas Pacific Land Trust	8.3%
The Howard Hughes Corporation	7.9%
Brookfield Asset Management Inc. - Class A	5.0%
Onex Corporation	4.8%
CBOE Holdings Inc.	4.6%
Dream Unlimited Corp. - Class A	3.4%
Visa, Inc. - Class A	3.3%
Sotheby's	3.1%
Dundee Corporation - Class A	3.0%

Global Fund **Top 10 Holdings (%) as of March 31, 2015**	
The Howard Hughes Corporation	6.9%
The Wendy's Company	6.1%
Icahn Enterprises LP	6.0%
Bollore SA	5.5%
Siem Industries Inc.	4.8%
Liberty Interactive Corporation - Class A	4.7%
Onex Corporation	4.5%
Texas Pacific Land Trust	4.4%
Dream Unlimited Corp. - Class A	4.2%
Dundee Corporation - Class A	3.7%

Small Cap Opportunities Fund **Top 10 Holdings (%) as of March 31, 2015**	
Jarden Corporation	10.9%
The Howard Hughes Corporation	10.2%
Icahn Enterprises LP	8.9%
Texas Pacific Land Trust	8.3%
The Wendy's Company	7.6%
Dream Unlimited Corp. - Class A	4.8%
Live Nation Entertainment, Inc.	4.2%
DreamWorks Animation SKG, Inc. - Class A	4.2%
Onex Corporation	3.3%
Platform Specialty Products Corporation	3.2%

Multi-Disciplinary Income Fund **Top 10 Holdings (%) as of March 31, 2015**	
The Howard Hughes Corporation	4.4%
Brookfield Residential Properties	3.9%
WebMD Health Corporation	3.5%
Post Holdings, Inc.	3.5%
Royal Gold, Inc.	3.1%
Chesapeake Energy Corporation	3.1%
Sotheby's	3.1%
Lennar Corporation	3.0%
IAC/InteractiveCorp	3.0%
SunGard Data Systems, Inc.	3.0%

The information contained in these charts is updated at the discretion of Kinetics Asset Management LLC and is only representative of each Fund's portfolio on the date specified. Additionally, position size may not be indicative of actual market position due to the use of call and put options.

-END-