Kinetics Mutual Funds
Third Quarter 2023 Commentaries

The Spin-Off and Corporate Restructuring Fund

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Dear Fellow Shareholders,

Spin-offs and restructurings are byproducts of both the broader economy and the desire of management to create shareholder value. These variables are inexorably intertwined, as management is often the most motivated to try to create value during periods of challenging macro conditions.

Interest rates have been rising throughout most of the world since early 2022, when the U.S. Federal Reserve began increasing the overnight borrowing rate. Short-term rates have risen by a cumulative ~525 basis points from the beginning of January 2022 through the end of September 2023. However, the U.S. 10-Year Treasury bond rose “only” by a cumulative ~300 basis points through September.

The fact that short-term rates rose so much more than did longer-term rates resulted in a modern era record inversion of the yield curve, with the yield on the 2-Year Treasury reaching nearly 110 basis points more than the 10-Year Treasury at various points this year. This spread contracted to approximately 46 basis points at the end of September, as the yield on the 10-Year bond inched higher relative to the 2-Year bond. The spread further contracted following the end of the quarter, to as low as 15 basis points in October, as the yield on the 10-Year Treasury approached 5% on October 19th.

The 10-Year U.S. Treasury has not seen yields this high since 2007—and the market appeared to digest the fact that rates are materially higher, and are unlikely to decline significantly in the near future. In hindsight, the 5% level reached in October may have been a psychological threshold; whereby, market participants accepted that the macroeconomic regime has secularly changed. This realization cemented the “risk-off” posture adopted by much of the market during the third quarter, contributing to losses in small capitalization and energy stocks after the end of the quarter.

Small cap stocks were broadly up about 2.5% over the first three quarters of the year, compared to an almost 30% gain for the Nasdaq Composite. In fact, many of the technology issuers in the Nasdaq have fueled an approximately 14% gain for the S&P 500 Index, while the S&P 500 Equal Weight Index is up less than 2% year to date. The lack of market breadth, or the concentration of positive returns in only a select few large issuers, is typically not a sign of a robust market environment.

Even though interest rates have been rising for nearly two years, the market has consistently underestimated both the pace and the magnitude of rate hikes. Federal Funds futures, inflation break-evens and forward Eurodollar contracts have consistently priced in a gradual return to the pre-2020 economic order, i.e., low interest rates and inflation. However, recent economic data and Federal Reserve communications have led to a recent re-anchoring of long-term rate and inflation assumptions. To this end, at the end of the quarter, the long-term 5x5Y (five-year inflation, five years from today) inflation expectations were near a cycle high of 2.5%. December 2024 Federal

Fund futures were pricing in rates of approximately 4.5% next year. While these expectations are lower than current levels, they are materially higher than the pre-2020 environment.

The world has changed materially compared to the pre-2020 world, and the global macroeconomic landscape is starting to resemble that of the pre-1990s world. This period was highlighted by higher interest rates and inflation and was a very difficult environment for equity investors. Despite these parallels, most portfolios are allocated to the "1990-2020 portfolio" that benefitted from low interest rates and inflation.

The Fund is oriented around a pre-1990 investment tilt, although not exclusively dependent on this outcome. This should be far more supportive of a robust spin-off and restructuring environment, particularly if these underlying conditions ultimately create headwinds for risk-asset prices.

Spin-Off and Corporate Restructuring Fund
Top 10 Holdings (%) as of September 30, 2023

Grayscale Bitcoin Trust	25.4%
Texas Pacific Land Corp	23.7%
CACI International, Inc. - Class A	7.8%
OTC Markets Group, Inc. - Class A	4.0%
MasterCard, Inc. - Class A	1.4%
Miami International Holdings, Inc.	1.2%
Verisk Analytics, Inc.	1.0%
CME Group, Inc.	0.5%
Mesabi Trust	0.5%
Galaxy Digital Holdings Ltd.	0.3%

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 Spin-Off and Corporate Restructuring Fund (the "Fund") underwent a proxy where shareholders voted to approve Kinetics Asset Management LLC ("KAM") as investment adviser to the Fund, effective December 8, 2017. Previously, Horizon Asset Management LLC ("HAM"), an affiliate of KAM, was the Fund's sub-adviser. The portfolio managers of the fund prior to the restructuring are the same portfolio managers that manage the fund post-restructuring. In April 2019, KAM and Kinetics Advisers, LLC ("KA") reorganized into 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. As such, the Fund's investment objective and investment strategy have not changed.

The 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 companies. In addition, investing in foreign securities involves more risk than just U.S. investments, including the risk of currency fluctuations, political and economic instability, and differences in financial report standards. There may also be heightened risks investing in spin-off companies. Such companies are generally newly formed and may not have a track record upon which to evaluate management's experience or historical balance sheet information upon which to evaluate its financial strength. There are also risks associated with investing in small and medium sized companies whose share values may fluctuate more than larger companies. You should consult the Fund's prospectus for a complete list of risks associated with your investment.

Murray Stahl is member of the Board of Directors of Texas Pacific Land Corporation ("TPL"), a large holding in certain client accounts and funds managed by Horizon Kinetics Asset Management LLC ("HKAM"). Officers, directors, and employees may also hold substantial amounts of TPL, both directly and indirectly, in their personal accounts. HKAM seeks to address potential conflicts of interest through the adoption of various policies and procedures, which include both electronic and physical safeguards. All personal and proprietary trading is also subject to HKAM's Code of Ethics and is monitored by the firm's Legal and Compliance Department.

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 S&P 500® Index represents an unmanaged, broad-based basket of stocks. It is typically used as a proxy for overall market performance. S&P 500 returns assume that dividends are reinvested.

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.

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