Kinetics Mutual Funds

Second Quarter 2019 - Conference Call with Peter Doyle

July 9, 2019

Important Risk Disclosures:

Horizon Kinetics Asset Management LLC ("HKAM") is pleased to announce that on July 9, 2019, Peter Doyle, Co-Founder of HKAM and Senior Portfolio Manager for Kinetics Mutual Funds, Inc., hosted a conference call to financial advisors. The transcript set forth below is intended to provide a summary of Mr. Doyle's 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 S&P® 600 Index measures the small-cap segment of the U.S. equity market. The index is designed to track companies that meet specific inclusion criteria to ensure that they are liquid and financially viable. The iShares MSCI ACWI Index seeks to measure the performance of both the MSCI World Index and MSCI Emerging Markets Index. The iShares EAFE Index measures international equity performance across large and mid-cap equities across developed markets in Europe, Australasia and the Far East, excluding the U.S. and Canada. 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.

Chris Bell: Welcome, everyone and thank you for your time today for this second quarter webinar update. Today, Peter Doyle, Co-Founder/President of Kinetics Funds and Senior Portfolio Manager will give a market overview, and Senior Vice President and Portfolio Manager James Davolos will drill down on a few companies, and then we'll take questions.. Please reach out to Bob, or Mark, or Jim, or Brandon, or your HRC representative, or go to www.kineticsfunds.com for factsheets and presentations on the funds. Also, please go to www.horizonkinetics.com for research, podcasts, and strategy updates. As of this call, our Flagship Fund, the Kinetics Paradigm Fund is outperforming the S&P 500 Index ("S&P 500") by over 1,200 basis points year to date, with large cash levels and a 99% active share. Note that the second quarter factsheets should be available on the website within two to three weeks. At this time, I'd like to turn it over to Peter.

Peter Doyle: Thank you, Chris. I'm going to start off by just giving you a little bit about what the risks are in terms of investing with us, and then talk a little bit more broadly about the valuation of stocks in general and the potential for returns going forward, as we see the world. As many of you know, most of our funds actually have a very large position in Texas Pacific Land Trust (TPL). And that position was not put on necessarily as a very large position. It happened to grow that way. And if you have listened to us in the past, you would know that our strategy is low turnover, and that we allow the underlying businesses to come to fruition. Those businesses that tend to do well grow in size, grow more rapidly than other names in the portfolio, and you end up with a larger exposure to those names, and a more concentrated portfolio overall. If you look at the long-term track record of the best performing active mutual fund managers out there, they tend to have very similar characteristics. They tend to have high concentrations and low turnover, and high concentration really is an outgrowth of the low turnover, and that allows for higher volatility. So, a major risk of investing with us is that we have a large concentration right now. People should be aware of that. I think it's going to serve us well. Although we are reducing the position slightly in some of the funds, the large concentration is likely to serve us well because we believe that the broader market is grossly overvalued, and we think that our stock selection needs to be very careful in this period going forward, in order to get a halfway decent rate of return. Now, people have been asking us a lot of questions about TPL of late. We are currently in litigation with the current trustees and there are court filings, and there have been press releases over the last several weeks and months. People who want to read up on that should be aware that– the documents are available on the Horizon Kinetics website and the SEC website. So, you can get a gist of what's going on if you care to read those filings. If you look at what's gone on in stocks over the last 19.5 years, from December 31st of 1999, the S&P 500 is up 5.65%. Had I come to you in 1999—in fact, I probably had said something very similar to this—I can't see how you're going to get a high rate of return in stocks, i.e., the long-term average of, roughly, 10%. At best you're going to get a mid-single digit rate of return. Most people would say I'm not going to go for that. The volatility is too great. Why would I put my money in something that's going to get me a little over a 5.6% rate of return for 19.5, closing in on 20 years? And yet, that is the return. If you look at valuations today, they're actually, in our opinion, more concerning than what they were in 1999, or at best, very similar. Hence, it's hard to envision a world looking out over the next decade, the next two decades, where investors in a broad asset class, i.e., stocks, particular U.S. stocks, are going to get a high rate of return. So, if you look at what we think is one of the best valuation metrics, i.e., market capitalization to GDP, it's just a broad measure of the price to sales for stocks overall. It's currently at about 147%[1]. Fair value for that tends to be somewhere between 75% and 90%. Overvalued is 115% and above, and we're at 147%. We have been higher in the past but not much higher. So, you have incredibly low interest rates, you have incredibly low corporate tax rates, you have a government that's willing to stimulate and create large debts to keep the economy going, and yet, we can't see that going on well into the future. So, how are you going to get good rates of return? Based on where it's valued, relative to what you would hope to get in the future, if it ever reverted back to the mean, you're likely to get a negative 2.2% rate of return annually, looking out over the next 10 years or so. There is reason to be concerned. And that leads us into the high concentration. The real problem is that most companies are being treated like they're growth companies and they're not growth companies, they're cyclical companies. If you look at a company like Microsoft or you look at a company like Apple, they have very large valuations. But at the end of the day, they offer a very pedestrian product, and at some point, everyone who can afford a cell phone is going to have one already, and it becomes a replacement cycle. So, if you take the P/E multiple on Apple and you cut it in half or by two-thirds, you can see that in a great company - it's not going out of business by any measure - you can see how you can end up with a very, very poor rate of return. And that's where most people have their money. Indexation gets your broad exposure to an asset class very quickly at a low price (in terms of fees and expenses to the investor). We believe there's tremendous danger in that. And we're the mirror opposite. We, in my opinion, offer a great alternative to investors, providing exposure to unique, eclectic ideas that are off the beaten path, that are not likely to be tied to the overall stock market's performance. And longer term, we believe we'll capture those underlying

[1] Source: https://fred.stlouisfed.org, Horizon Kinetics Research

business returns. From where we sit, those business returns, based on the companies' valuations, offer a much, much better opportunity for investment. So, with that, I will turn it over to James to go through the handful of slides that we have.

James Davolos: Thanks, Peter. Looking through the agenda briefly, we're just going to go over a few statistics about the market that I think are overlooked or underappreciated today, and it really feeds into most of what Peter had to say. We'll also discuss some factors that we think are also not fully appreciated as driving market prices. We'll take a look at where we stand today—we've recouped all of the fourth quarter decline and we're now at all-time highs in the market. So, I think that should really lead people to ask, especially ten years out from the global financial crisis, what's priced in today but also what isn't. Then, finally, it was a pretty eventful quarter for the portfolio, so we'll go through a couple of those names in a little bit more detail.

One of the first observations that I think is unusual and that isn't fully appreciated with regard to the market today is that of current bond yields. For the U.S. 10-year Treasury, it's no secret that we've come from as high as 4% in 2010 down to 2% today. And that's been in a "growth cycle", with the market achieving very high returns and multiple expansion. The solid blue line at the bottom of the chart is the 10-year Treasury—Treasury early inflation protected strips. So, that's basically the yield on an inflation-protected 10-year Treasury where you would get Consumer Price Index ("CPI"), which is the difference. The dotted blue line in the middle is what the market is implying inflation is going to be over the next ten years. And while it really hasn't deviated much back to 2009, the market continues to really expect low, moderate to no inflation. This is still meaningfully below what the Federal Reserve communicates as its long-term inflation target of 2%. Today, you're pricing at about 175 basis points of inflation and I think that this factor is an underappreciated driver of valuations, where low inflation and the continuation of low rates is obviously a huge variable in equity prices; but the absence of inflation, I think, is also very telling about the underlying economic strength. I think there are also some misinterpretations about inflation as the government reports it versus how it applies to your everyday life. Before we go a little bit more into inflation, if we move to the next slide, this is actually a really interesting tool that the Chicago Mercantile Exchange provides, which is called the FedWatch. And this basically uses a variety of futures contracts to impute a probability for where future rates are going to be - what the market is expecting short-term interest rates to be at the December 11, 2019 Fed meeting. So, you'll notice down at the bottom, right now the Fed Funds is set between a target rate of 225 and 250 basis points. As of July 8th, when we pulled this data, the probability of maintaining current rates as the market priced in was zero. If you look at where the clusters of probabilities are, the market pricing ends somewhere between two and three rate cuts today, which I think is pretty telling. You're at all-time highs for the market, yet the market is basically pricing in the fact that we're going to need to ease monetary policy by a minimum of 50 basis points, perhaps by as much as 75 basis points by year-end. So, something just doesn't really add up. But, again, I think it really speaks to this subtle driver of equity market prices and also the expectation of the status quo, as well as, obviously, the pivot by the Federal Reserve and certainly their being a little bit more market-dependent explicitly than they have been in the past. Turning back to inflation, I think a really interesting chart here shows CPI, which the government calculates—we've talked about it in past presentations. As you probably know, they've changed the methodology. But what they really want to capture with the CPI is the difference in consumer prices for the average consumer. This goes back to 1983, and while it's a little bit difficult to tell in this chart, consumer prices based on this government metric have increased by 2.5 times since 1983. Now, you can look at college tuition, you can look at healthcare, you can look at the cost of the home you live in, if you've lived in it since 1983, and I think you'll see a very different multiplier than 2.5x. But that being said, commodities, which tend to be inflation-linked and are a little bit more oriented toward consumer prices, you see gold is only a touch above where the CPI's been over 35-odd years, and oil is actually significantly below. So, these hard assets and these commodities that are considered nonfinancial assets have not really budged. You know, the increase by 2-1/2-fold over 35 years isn't really all that considerable. It averages out to under 2-1/2% annualized. However, the big outlier is what I'll call financial assets. Obviously, there's a confluence of factors at play here, but the S&P 500—and this is purely just the index level; this doesn't include dividends and the total return aspect—is up over 15-fold since 1983. Hence, there's absolutely been what I will call financial asset inflation over the past 35 years, even though, based on the statistics that we observe, you can see commodities and, quote-unquote, "consumer prices" have remained fairly static. I think that that's a pretty important consideration because it really translates into the fact that companies have been able to command higher pricing and higher margins, and asset prices have increased even though these headline numbers tell a very different story. It's just something to consider. Again, we do not think that you're going to see a hyperinflationary environment, and we've harped in great detail in past presentations about where government debt balances stand. You know, most of the European Union treasuries are still providing negative yields for their 10- year bonds, in real terms. The U.S. 10-year is right around where inflation stands. There's definitely a debasement in savings, where 10 years out you can't even earn the rate of inflation. I think this needs to be considered when deciding whether to incorporate exposure to inflationary assets even if it's just a portion of a portfolio.

So, moving on to the market drivers. This tracks the profitability of the S&P 500 going back to 1990. And while you'll notice that although the gross margin hasn't really expanded much, the EBITDA (earnings before interest, taxes, depreciation and amortization) margin and net margins are up meaningfully, where net margins have more than doubled, and EBITDA margins have increased close to 40% over this 28-year period. And historically, there's a lot of economic data that suggests that margins are mean reverting. Peter mentioned earlier the relationship of equity market values to GDP. That tends to mean revert. Margins tend to mean revert. Cycles tend to mean revert. And, certainly when margins are too high, it certainly prompts competition. Consequently, I think this is something that needs to be considered where you've seen topline margins being fairly static but companies, through a combination of buybacks, efficiencies, and scale, have been able to achieve significant operating margin expansion, which the market seems to extrapolate into perpetuity.

In this same vein, the next slide shows the return on equity of the S&P 500, along with the return of assets. So, you'll notice going all the way back to 1990, the return on assets has remained fairly static. Obviously, there's a big cyclicality to the return on equity where you're using a net income versus an operating income factor, but you get up to returns on equity in the 14-18% range and you tend to come back down. You see that the tech bubble margins got extremely high. They mean reverted. You had the expansion of financial products. They came back down. So, now we're sitting around that 16% range. And on the graph on the right, it shows you that when margins have gotten too high— everybody recalls 2000, where you had a big downdraft, and you had a big downdraft in 2008. The market's hovering at all-time highs well above those levels, yet we're back in that 16% range. It's dangerous logic to assume that this time is different; however, that seems to be where the market's pricing. And we do acknowledge that business models have changed. There are more asset-light business models and there are more scalable businesses but, again, these are just something to consider in the tenth year of this expansion.

I think this is another really interesting slide. The buybacks of S&P 500 companies have gotten a lot of political attention lately—where you can see the buybacks in the gray line, and on the left- hand side it gives you the billions of dollars. So, you see in this past year—and these are preliminary numbers from Standard & Poor's—$800 billion in buybacks and about $450 billion in dividends. That's $1.25 trillion between buybacks and dividends. If you were to divide that into the aggregate market value of the S&P 500 at the end of the year, this was almost a 6% return on capital, which is considerable. I'll credit Tom Lee at Fundstrat, who has been quite vocal in using this as a proxy—if we move on to the next slide—to compare to why equities continue to have this bid. If you look at the Bloomberg Barclays US Aggregate Bond Index ("Barclays Agg") for U.S. Investment-Grade Debt, you're barely above 3% in 2018, which is fully taxed. The Bloomberg Barclays' US Corporate High Yield Index Total Return Index is a little artificially high just because it was struck at the end of the year right after the markets drew down, and you also had credit spreads widen. It's much lower now. But the vast majority of the investment-grade credit universe is yielding less than half of the synthetic yield of the S&P 500. So, when a lot of investors and a lot of individuals and institutions are looking at different ways to achieve yield and their long-term goals, this is a very powerful, difficult tailwind to compete with, and I think that it has really buoyed equity prices but also allowed a lot of investors to be much more comfortable with their equity allocations. Now, one other thing that I will comment on is—you go back to that number, $.25 trillion in buybacks and dividends. If you compare that to the St. Louis Fed where they pull the research and development spending out of the GDP figures for the year, the aggregate dividends and buybacks of the S&P 500 eclipsed the entire R&D spending in the U.S. GDP figure for the year. That's considerable. And I think that at the very least it needs to be considered— why aren't these businesses that are trading at 30 to 40, to 50x \earnings not able to reinvest in their businesses? A dividend is fully taxed for most of these companies, and then buybacks are a little bit better for their tax structures, but you're buying your stock back at, call it a 2% earnings yield. Therefore, you're telling me that these companies that have 16-18% returns on equity are going to prioritize buying back stock at a 2 to 2-1/2% earnings yield? They can't find something that is a 5% or an 8%, or a 10%, even on a levered basis use of that capital? Thus, it is cause for concern, but I think it also shows that a lot of these corporations are playing the game. And you decrease the denominator and you end up inflating a lot of your share-based figures, such as earnings per share. Again, this is certainly something to consider over the longer term.

Moving on to the next slide. We've talked a lot in the past about the concentration of performance within the indexes. This year it's been a little bit more spread out, but in past years, certainly in 2017 and 2018, performance was just so concentrated in the S&P 500, within the high-growth tech stocks. These are the top ten positions in the S&P 500 as of quarter end, along with their weights. And this gives you the 2019 return through the first half of the year. The attribution gives you the contribution of each of those stocks to the total return of the index. And then the S&P 500 rank gives you information on where they stand in terms of the contributing components to the S&P 500. It would be very difficult for any company to achieve a contribution commensurate with Microsoft when it's a 4% weight up 30% year to date in 2019. But the takeaway here is you continue to have the largest companies leading. Out of 18.4% total return for the first half of the year, about a third of that was from these top ten companies. Again, a little bit more diversified than in past years, but you're buying into the broader market and you're getting a lot of beta and a lot of concentration in these top names. You might remember that Peter mentioned Microsoft earlier, and it feels like it wasn't that long ago when we were doing the same analysis with ExxonMobil, when Exxon was the largest company in the world. You've seen sideways to down market energy prices, but also you've seen large multiple expansion within the tech complex, where now Exxon, in probably the not too distant future, it might be outside of the top ten S&P 500 components. But call it five years ago, when we did this same analysis, we commented on how Exxon was a "Swiss Army Knife" where it was in every single ETF imaginable: it was in the S&P core, it was in the blend, it was in the dividend, it was in the value. You go on the ETF database today and plug in Microsoft and, obviously, all the first ETFs that come up are going to be technology, and growth, and large-cap, and core. But it's also popping up in more and more value funds, and dividend funds, and blend funds, and low volatility funds. So, size begets size, which begets bids, which begets multiple expansion. I think Microsoft is a wonderful company. They've done an incredible job changing their business model where the software has transitioned to a subscription and the enterprise business wasn't really appreciated five years ago, and revenue's up maybe 50%, and operating income a little bit more than that. But the stock's up maybe 3 or 4x. So, it is something to consider. There has been a big component of multiple expansion in this latest market rally, and I think that—nothing against these companies particularly, but I think that people need to understand what they own and what's driving it. To that end, we talked earlier about what's priced in. The market's at all-time highs. Most people would agree we're probably late in the cycle. This slide just gives you the trailing figures for the past five years in the S&P 500 Index, along with some of the valuation and profitability metrics, as well as the consensus estimates for the next three years. Buying into the market today—I mean, let's assume for the moment that the market has some semblance of efficiency where this is what the average buyer, to the extent that somebody's actually making an informed decision to buy into the market today, is using. That's extrapolating off of the 2018 base which includes the tax reform. You're going to grow earnings at 30%, sales at 18%. And the one item that was most striking to me was book value at 37% is where these consensus numbers are. I think that even the most intrepid analyst might be calling for 2% inflation and maybe 3% real growth for 5% nominal GDP growth. Yet, the market's pricing in 18% sales growth for the S&P 500, almost twice that in earnings growth. I don't see how book value can grow that way, especially since when you buy back stock and you pay dividends, you're decreasing your book value (unless you're buying your book value back at a discount, which virtually none of these companies are). If we move down to the bottom, we see another interesting scenario. Operating margins from 16% are extrapolated to go up to 17%; EBITDA margins are extrapolated to go up from 20% to 21%. Now, if you go back to 2014, you've got 170 basis points of total expansion priced in since then, you've got, again, almost 170 basis points for EBITDA. Returns on equity are a little bit more volatile and choppy, but you're still right around that 18%-19% range, which, going back to those earlier slides, has tended to be fairly coincident with trouble in the market. Hence, we're not oblivious to the fact that the composition of certain companies in the S&P 500 has changed, but I think this needs to be understood—what is priced in when buying into the market today? What isn't priced in? This next slide is sourced from Oaktree - they do very interesting work with debt, and they've been very remiss to allocate capital yet in the cycle because prices have been pretty firm. This top left chart is really interesting where you can see the total leveraged debt outstanding in 2000 between high-yield bonds and bank debtor levered loans. In 2000, at the tech bubble, this amounted to $464 billion. We thought we were at a peak in 2007 when we were at almost $1.3 trillion. Today, we're at $2.7 trillion. So, this isn't necessarily a comment on the companies that hold that debt, but there is a lot more leverage and a lot more higher risk financing in the system today even if aggregate debt levels ex government balances might suggest a different story. Now, I think the chart on the bottom right is also really interesting because the vast majority of fixed income investors, whether financial advisors or institutions or individuals, are really restricted because they need to hold investment-grade debt. That's a compliance issue, and it goes back a long way. You can obviously take exception to the independence and the quality of the rating agencies, but that cutoff is when you go from triple-B to double-B. And once you fall out of that, you are basically, by definition, excluded from the Barclays Agg, but then there is also a tremendous amount of auto-bid into fixed income stocks. So, this is really striking where U.S. triple-B as a percentage of investment-grade debt is over 55% today. You can go back to that Barclays Agg where you're getting just over 3%; 55% of that is the absolute lowest tranche of investment-grade debt. Probably equally striking is that, when you compare the present to 2007, you have almost triple the amount of triple-B and close to double the ratio as a percentage of investment-grade debt. Obviously, we snapped back pretty quickly in the fourth quarter, but I don't think anybody fully appreciates where these types of instruments go, and where they trade, and where liquidity is in the event that something averse happens, and it's more sustained than just a three-month blip.

Another thing that isn't really priced in today, in my opinion, is, that the economy is undoubtedly global, and one of the biggest components to the global growth is Europe; people want to talk about emerging markets in China and the rest of Asia but you really can't ignore Europe. And, obviously, Europe has had a lot of problems for a very long time but going into the end of last year, you saw this surge and uptick in manufacturing PMIs (Purchasing Managers Index). But through the first half of this year, European PMIs have fallen off of a cliff. And I highlight that red bar at 50, where that implies a contraction in the manufacturing component of the economy. I think it was two quarters ago, when we highlighted how the U.S. was the great outlier. Where Europe, South America, Asia, and all of these other equity markets were really laggard to flat, yet the U.S. continued to surge higher and higher. And at a certain point, equity markets are still subject to the same global economic pressures, and I don't think we can just dismiss both the geopolitical and the structural issues in Europe. The companies that are domiciled here and in emerging markets will not be immune from this forever. All of this just relates to the fact that people need to have a very considered thought with respect to how they're allocated today and what they're trying to achieve with their equity exposure. So, with that, we'll go quickly into some of the portfolio holdings and then open it up for questions.

Obviously, the market is not early in its cycle, it's not dirt cheap, but the companies in our portfolios aren't sitting on their hands. And, these are three examples of owner-operators. Starting with Howard Hughes, which is a company that we think has one of the most interesting, unique, high-quality real estate portfolios in the world, both public and private. But the market really doesn't have any mechanism for evaluating it, given its mix of fully developed operating properties, underdeveloped raw land, and then what I'll call strategic development assets, such as the South Street Seaport and various assets in Hawaii. So, the management team and the chairman have a tremendous amount of capital invested, and I think that by some estimates the stock probably got down to about 50% of a reasonable estimate of NAV towards the end of the second quarter while the market was making new highs. Personally, I think that it might relate to the fact that investors have really been hoping that the South Street Seaport down in lower Manhattan was going to be a little bit further along in its development. And I encourage those of you who are local here to go down to Pier 17. It's a beautiful facility. But the restaurants are taking a little longer to get up and running, and the food hall by Jean Georges is just getting moving. What catalyzed the big downdraft before the strategic review was that the company entered into a secured financing agreement to complete the Tin Building. The Tin Building is what's going to house the food court. I should really call it a food hall, which is run by Jean Georges. And if you look at similar concepts—Eataly here in New York is a prime example, this is many millions of dollars of net operating income, given what we think the foot traffic of the area would command. But investors might have thought that they would have been further along, and they would have developed that out of cash flow. So, obviously, the board was not going to sit on their hands, and they engaged Centerview Partners to conduct a strategic review, which will involve soliciting bids for the whole company and certain assets and possibly spinning off individual properties. Personally, we're very encouraged by this development where, usually, if a company says we're going to explore a strategic review, you might see a 4, 5, 6% stock price bump. You could put it up for sale. Obviously, you don't see a huge drive. But this took the stock from the low $90s up into the high $120s upon the announcement on June 27, 2019. So, it shows the market does understand that value is there;

however, there was such apathy and discontent with the pace and the lack of positive reaction to what I think has been great execution thus far. Everything outside of the Seaport they've executed very, very well. Nevada's been a very strong surprise, as to Summerlin. Columbia, Maryland's been incredible. They did a very savvy transaction with the GGP Tower in Chicago. Hawaii is a world-class asset, and New York's a world-class asset. Houston continues to outperform regardless of where oil prices are.

Moving on to Oaktree, we used some slides earlier from Oaktree. And Oaktree is in a difficult—well, they're not in a difficult position, but as a public company, they pride themselves on being very selective in when and how they access debt markets. And thus, there hasn't been a lot for them to do in their core distressed products. That being said, Brookfield Asset Management is also a long-time holding in certain of the the funds. And these are very like-minded, opportunistic, long-term investors, and I think that they're very complementary toward one another. You know that Howard Marks and Bruce Karsh, two of the founders at Oaktree, are going to have to hold onto a lot of their stock, so this is not a cash-out per se. But, again, Bruce Flatt at Brookfield has been one of the savviest and most opportunistic CEOs we've ever encountered. And I think the people at Oaktree realize this was a really opportune time to merge with a world-class operation, where they can really benefit from each other. So, we're very happy with this development as well.

And then, Carl Icahn continues to optimize his portfolio, especially with the operating companies where he's consolidating the structure at the refinery with CVR; he's sold off a tremendous amount of assets over the past year. Not as much beginning this year, but he's also been a lot more active and vocal in his investment book. Carl's bread and butter for years and years has been activism. And I'm sure it'll come up in the Q&A, but one thing that is also very pertinent to our portfolio is that he's been vocal about the proposed transaction between Anadarko and Occidental Petroleum ("Occidental") in the Permian Basin. I think there's a lot of merit to the acreage. Obviously, price is very important, but Occidental came in above where Chevron's bid was. They used a combination of preferred financing through Warren Buffett. Pretty high financing rates, but I think that that really shows the value that they believed was there. And also Warren Buffett's comfort with lending in a junior position. He's junior to a lot of other debt that would be used to operate the ongoing company and in the consummation of this transaction. But the Chevron bid and then also the Occidental winning bid relate very closely to our holdings in TPL, as the preponderance of the value at Anadarko is its Delaware Basin position. The Delaware Basin position is exclusively the product of a joint venture about a decade ago with Chevron, and then a subsequent deal with Shell Western where basically all of this acreage is either surface or royalty acreage of TPL. So, you've got Berkshire Hathaway, Chevron, and Occidental, which are some of the biggest names in the world focusing on this asset. And you peel back the layers a little bit and you realize the people who own the surface and who own a cost-free 1/16 royalty on a lot of that land and really control a lot of the flow of water, easements, and pipelines through and across that land are TPL. So is this obviously highly, highly strategic. We have talked a lot about where the economics of the basin are and then where we think the long-term fundamentals of oil and gas supply and demand are. But something, again, to consider is the focus of the really large entities involved with this land. And it doesn't take much work to take one iteration back and see what the really interesting play is here.

So, that is the end of our prepared comments. I'd like to remind people this is an online Q&A, so if you can please submit your questions through the webinar portal, we're more than happy to field everything we can. And with that I'll see if Peter has any closing remarks while we queue the Q&A.

Peter Doyle: Thank you, James. Excellent job. Looking at the names that are up there, Howard Hughes, Oaktree, Icahn, Brookfield, etc., all of those companies are run by people who actually are very strategic, very opportunistic in their investment strategies. And the beauty about investing is that you don't have to swing at the pitch. And what we just went through, what James just went through in great detail is that, in our opinion, you should be sitting on the sideline with a big chunk of your money unless you can find very unique opportunities out there. You can see how the net margins can come down very substantially to their long-term averages. With that would come down the P/E multiples. And I'm talking about great companies— Microsoft, Apple, etc.—you could see how you could actually lose on a long-term basis 50-70% of your money. And that $800 billion that companies spent on stock repurchases, we believe that's likely to be a destruction of capital, and you don't want to be around that. You don't want to be anywhere close to that. And that's what we offer. We offer an alternative to that. And no one's putting a gun to our heads to invest, and if we don't find the opportunities, we're not going to invest, and we'll be very defensive. I should have pointed that out at the start. In many of our funds not only are we concentrated but we are actually concentrated in cash. Because the valuations, in our opinion, suggest that you should be that way. And the opportunity really arises when the market falls down and basically gets hit hard—then you step up and invest aggressively. So, with that, we're going to start answering some questions.

Chris Bell: I'm sure you're going to get into TPL because I see a couple of questions, but if you could also mention in regards to TPL, James, the pipeline developments and the amount of throughput that's opening over the next 18 months. Somebody is asking me that question again, because there was an article in the *Journal* about six months ago about the pipeline. That beginning now it's going to start opening up.

James Davolos: Sure. I'll jump into the pipelines as I segue from a few other questions, and then Peter can get into some of those specific questions there. But, first, quickly, let's do a couple of the more high-level. A really good question is why we aren't concerned about deflation. I mean, obviously, post-2009, the huge concern was a deflationary recession. And that's what we were incredibly worried about. But the global central banks have really communicated explicitly to the public that it is their mission to do anything and everything to support asset prices. So, I don't think that we would be all that surprised if there was a mild recession where you went back into a stimulative environment both in the U.S. and also across the world. We would've had something that was highly deflationary in 2009 if it weren't for the really unprecedented actions of the central banks. So, I guess the really interesting question to ask is, after all of this, stimulus really hasn't worked—you had 2% annualized inflation—why are you only at 2%? And with people just pouring more and more debt and more and more stimulus on top of that, I think there's a higher probability of its resulting in something that's hyperinflationary. But a very, very good question.

Peter Doyle: When James had the slides earlier about inflation, one of the things that we look at is the increase in M2[2] year over year. And the governments around the world, and particularly in the United States, are willing to inflate that at 5%-plus. And, if need be, they would take that up to a much higher number. So, I don't think deflation is a real threat. As James pointed out, the central banks around the world are willing to basically print money in the proverbial sense—they'll drop money out of helicopters, if need be, to prevent that from happening. Because of that, we believe that discovering investment opportunities that hedge against the continued issuance of printed money should be something investors' concern themselves with.

James Davolos: There are a couple questions on Civeo. So, two kind of interesting points that came up recently. First, there was an acquisition in Australia for some lodging assets, which— appeared at the time to run counter to our thesis of paying down debt, therefore, optimizing cash flow to the equity. They haven't fully disclosed the purchase price or the funding mechanism but, in hindsight, I think it's fairly obvious that they knew that there was a large contract that was coming down the pike the following week,

[2] M2 is a calculation of the money supply that includes all elements of M1 as well as "near money." M1 includes cash and checking deposits, while near money refers to savings deposits, money market securities, mutual funds, and other time deposits.

and for whatever reason they couldn't announce them in tandem. But if you noticed, the stock was up pretty sharply yesterday. I think the market underappreciated the fact that they had this large contract in Australia and it really explains to me why they engaged in that acquisition. But for those of you that aren't as familiar with Civeo, the North American assets are primarily Canadian assets tied to the Canadian oil sands and oil market, which, I think at current levels you're not going to see a steep functioning growth unexpectedly. The outlier would be Australia where most of that market is metallurgical coal. Metallurgical coal is used for steel. And, there obviously was a large binge in iron ore prices and steel production related to the China expansion and credit-fueled expansion leading up to 2008. But at the end of the day, maybe you're not building skyscrapers, but you need cars and trains, and all of the most basic things. So, you're starting to see the green shoots of a recovery in the coal market in Australia, which is at just an incredibly depressed occupancy rate—somewhere, I think, in the 40% range. And the room rates on a per night basis are about 50% off the peak. So, Civeo gives a nice slide in their investor decks of what would a 500 basis point increase in occupancy and $10 a night increase in rates due to the EBITDA of Australia? And it's considerable. Based on current multiples, that would be a large percentage of the market cap of the company. So, really interesting. I think they should do a little better job of communicating, but I think that there's a lot of moving parts today.

I'm going to go back to Chris's original question, the pipelines regarding TPL, and then turn it over to Peter for a few more questions that are up on the board. In the middle of and late last year, we were communicating to our shareholders that the actual profitability of TPL was probably understated because there wasn't enough pipeline capacity to get the barrels of oil from the Delaware Basin to Cushing, Oklahoma. So, a West Texas Intermediate (WTI) contract, just for delivery in Cushing—if you have a long-term contract with a pipeline operator, you're not giving up much for transportation. It's even better if you can get that barrel to the gulf in Houston where then it's a waterborne contract, which is more linked to Brent. So, Brent Crude traded most of last year at about $10 above West Texas Intermediate ("WTI"). The issue was that if you didn't have a committed pipeline to get your barrels to Cushing or to Houston, you had to deliver it to Midland because you had to put it somewhere. And since Midland had such a backup with storage and pipes, they were trading at a $10 discount to Cushing. So, let's say, at peak levels you might've had Brent at $80, Cushing at $70, and then Midland at $55. It got as high as $15-20. So, for a lot of last year, you were operating at a really large differential that depressed their realized pricing. However, if you look at the contract today—and you can look it up on your own. If you want to go to the CME website, Chicago Mercantile Exchange. They trade a contract for the Midland-WTI differential, and it's basically flat today. So, you haven't really had the inflection point where operators have throttled production because of what happened in the fourth quarter. This capacity came online, and it's been enough to absorb the production growth, which has still been considerable. As you get into the back half of the year, you're going to have an excess supply of pipes mostly to the gulf. The next iteration will be getting the gas out, where the Waha Hub is the local hub for gas. And there were days where you were getting a few pennies to deliver gas to Waha, where Henry Hub was getting, call it, \$3. You know, it's sub-\$2.50 today. And a big part of that dynamic is that so many of these oil wells generate maybe 20% of each barrel in dry gas and 20% in liquified petroleum gas (LPG). So, you are probably not going to see an enduring spike in gas prices.

Chris Bell: Do you want to cover shipping?

James Davolos: Yes, shipping. One more on TPL that's related. "What's your opinion of the royalty streamers?" I'm interpreting this as being related to the oil and gas royalty streamers where, gold royalty companies have been around for quite a long time, starting with Franco-Nevada, Wheaton Precious Metals, companies that are well over \$10 billion a piece. And then some other large ones with Royal Gold and Osisko. You know, I think the gold streamers are very interesting. I mean, yields are low—tend to be between 1-1/2 and 2%. But the market values them off of their organic growth profile, the no-debt, and the fact that you have a call option on gold prices. As it relates to the emergence of the new oil and gas royalties; you had—I'll call it the new generation. Viper Energy, which came public out of Diamondback, Kimble Resources, which was a private mineral portfolio and team out of Fort Worth, Brigham Resources, which was where Bud Brigham and his team assembled a portfolio from scratch. Those are the three core ones. And, depending on those, you're getting anywhere from a 7% to an 11% yield today, which I think is far too high. Because you have a very long visible growth profile in production of these assets, and people are valuing them based off of the cash flow today as if they're MLPs, not fully cognizant of the amount of dormant growth in these companies, nor the fact that you should be pricing in some optionality on oil and gas prices over the long term. Shipping continues to be one of those interesting spaces where—personally, I consider it to be one of those—you know the asset base is there, you know what the assets are worth—it's just a question of when certain vessels are going to get economic rates. And no one's really talking about IMO 2020, where at the end of this year, the sulfur content of fuel in international waters will have to be reduced substantially. So, if you're coming into U.S. waters, and most European ports—you know, you already have a very high low sulfur standard. But a lot of vessels out there that are not under local jurisdiction and regulations regarding sulfur content; they're burning high sulfur fuel oil. And the market really isn't talking about what a big disruption this could be. So, Option A is you can install scrubbers, which is basically where you run a stream of water over your exhaust, which then takes the exhaust into the ocean. In theory, the sulfur is neutralized by the sea. It costs a couple million dollars, and you have to dry dock for a couple weeks to do it. The technology also isn't that proven. So, do you want to be at risk of being inspected in the high seas and, your sulfur yields are too high? Option B is to dry dock and drain your fuel system and change to a lower sulfur fuel oil, which is pretty expensive and pretty time consuming as well. That makes a lot of the older vessels of questionable value where they're not as efficient, even if you're burning this more efficient fuel. So, maybe this could be an inflection point. Really hard to tell. It's getting very little press, very little—even in the industry itself. It's not really talked about as prevalently as I believe it should be. But, ultimately, I think that day rates and operating rates have to ultimately reflect a reasonable yield on cost for a new build. And today, a lot of new builds are nowhere near justifying the cost, even if they were contractually agreed upon far earlier in the cycle.

Chris Bell: And the companies are really cheap too, right? Like Maersk? Aren't they, James?

James Davolos: They're very cheap on a book value basis. I mean, cash flow is depressed, so it's very misleading to look at these companies on a cash flow basis currently today. I think one of the last ones here is—you know, obviously, our presentation was not beaming optimism about the broader market and equity prices and asset levels. But that's why we do what we do—is we think that there's always opportunity in any market at any point in the cycle. So, we do hold a lot of cash and we have concentrated our portfolios as a result of the opportunity set. But for every dollar that goes into indexation and orphans a small cap or orphans a shipping stock, these assets get cheaper while the others get more expensive. So, you need to be incredibly conscious of the cycle, of profit margins, of the capital structure, and of the asset base. But we're still finding plenty of things where five years out we think you can earn an equity-like return, which—you know, that's what we get out of bed for. We're not just trying to participate with the market.

Peter Doyle: So, I'm just going to refer to just a perfect example of what we looked at years and years ago when General Electric was the largest company in the world—had a market capitalization of $500 billion. And we felt that GE Capital was basically just using very cheap money to buy poor assets. And the stock ultimately came to reflect that situation, and the market capitalization went from $500 billion down to $60 billion. A good company, not going out of business, had to repair its balance sheet, etc. But you can see how in a great name that was once held with such high esteem, you can lose very significant money. That is what's going on at the top end of the market today. And if you're not aware of that, you're going to pay for it. You're investing at your own peril. So, with that—you know, I read somewhere years ago that the average attention span is somewhere between 10 and 15 minutes. Since we've passed that by a factor of six, I think it's time for us to jump off. And thank you for your time.

Chris Bell: I'll just remind everyone—please go to the website, www.kineticsfunds.com for the new second quarter factsheets which will be up on the web within three weeks. Thank you very much. Have a good day.

[END]

HORIZON KINETICS

Kinetics Mutual Funds, Inc.

2019 2ND QUARTER REVIEW

PETER DOYLE
JAMES DAVOLOS

July 9, 2019

Agenda

Part 1: Market Observations

Part 2: Market Drivers

Part 3: What is Priced Into the Market Today (What Isn't)?

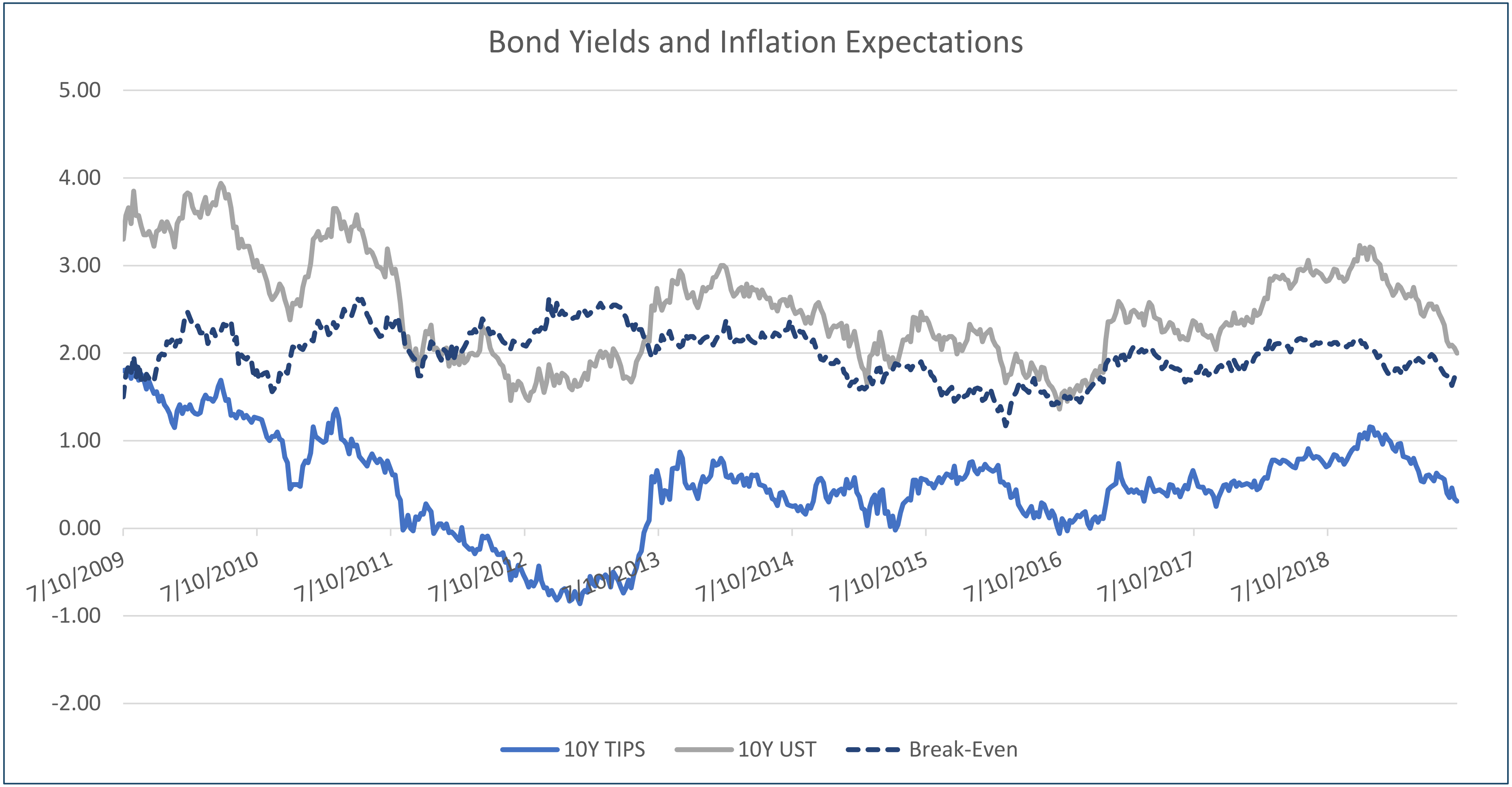
Part 4: Portfolio Review

Market Observations

HORIZON KINETICS

Kinetics Mutual Funds, Inc.

Inflation Break-Even



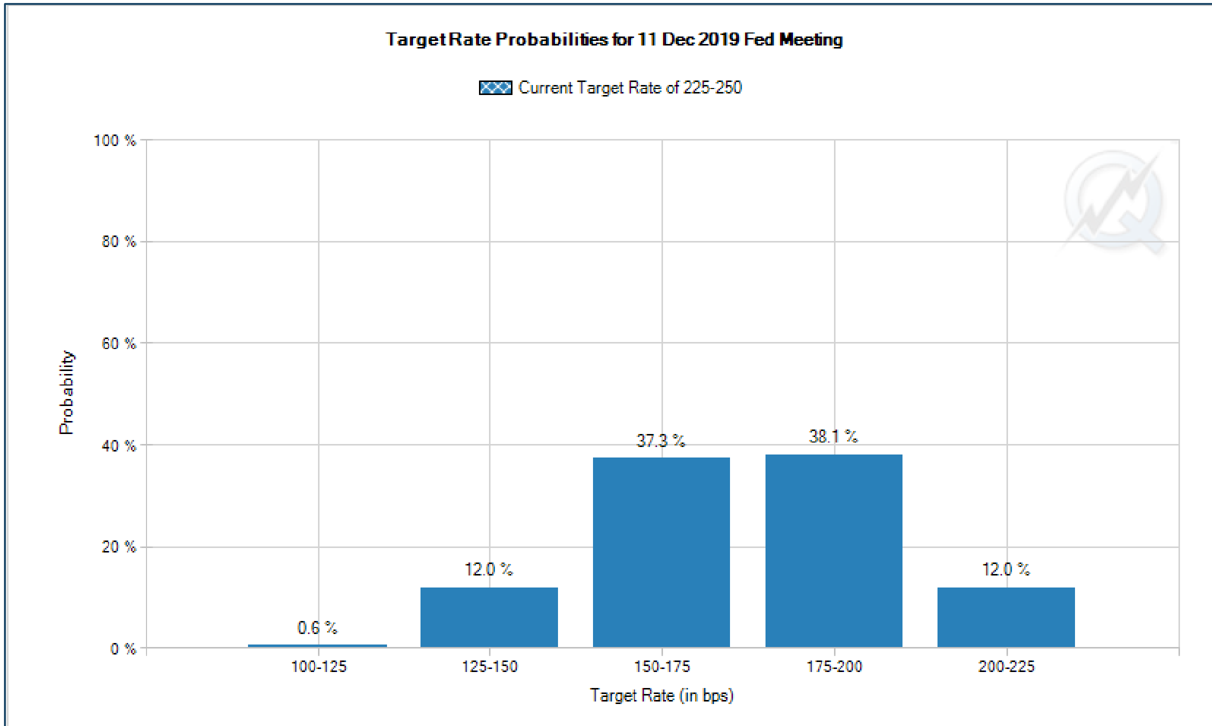
Source: FactSet

Market Observations

HORIZON KINETICS

Kinetics Mutual Funds, Inc.

Short-Term Rate Expectations



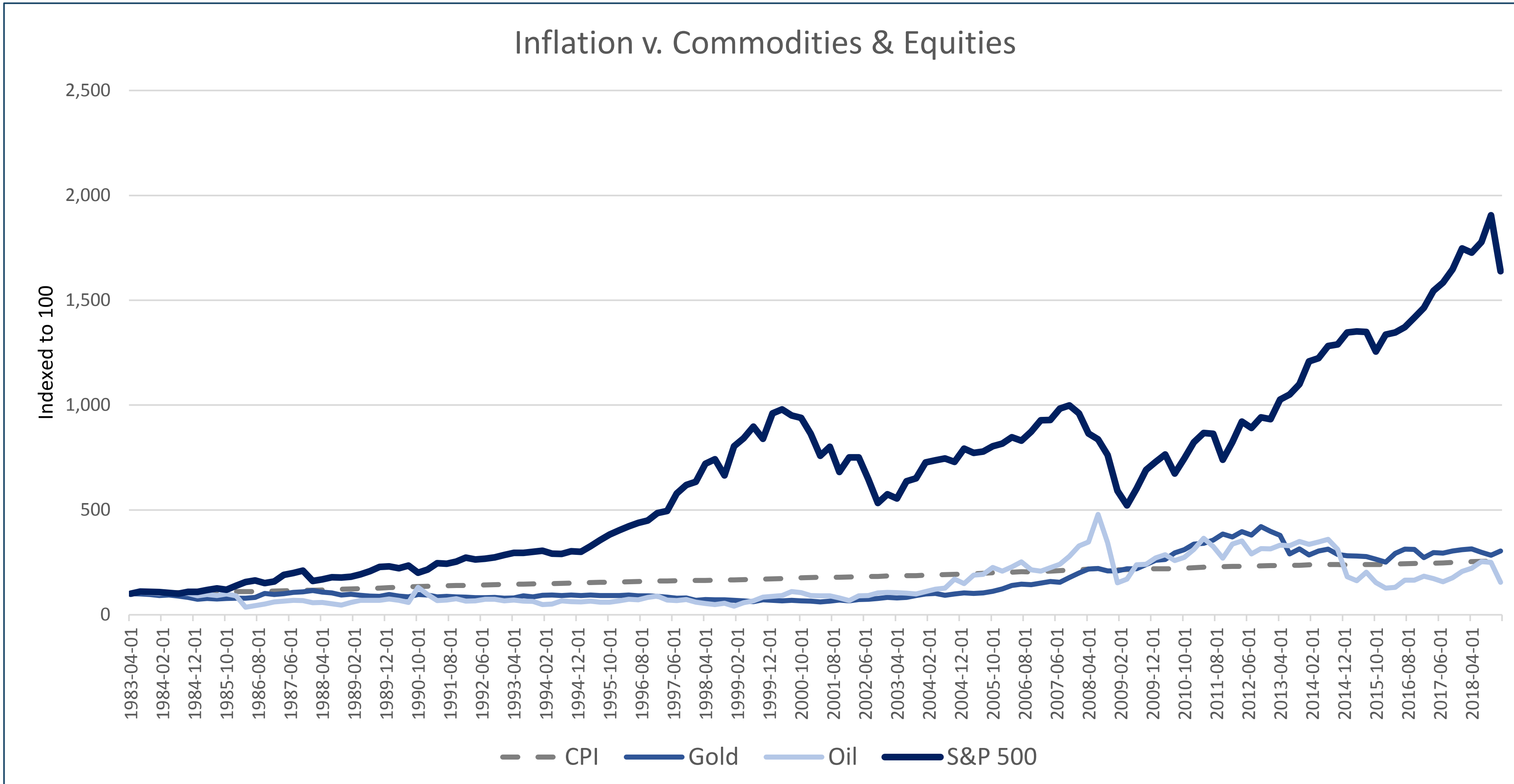
TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 5 JUL 2019	1 WEEK 1 JUL 2019	1 MONTH 7 JUN 2019
100-125	0.6%	0.4%	1.7%	2.4%
125-150	12.0%	8.2%	13.6%	15.9%
150-175	37.3%	33.0%	35.6%	35.5%
175-200	38.1%	43.3%	36.8%	32.6%
200-225	12.0%	15.1%	12.4%	12.2%
225-250 (Current)	0.0%	0.0%	0.0%	1.4%

Data as of July 8, 2019

Source: CME Group FedWatch Tool

Market Observations

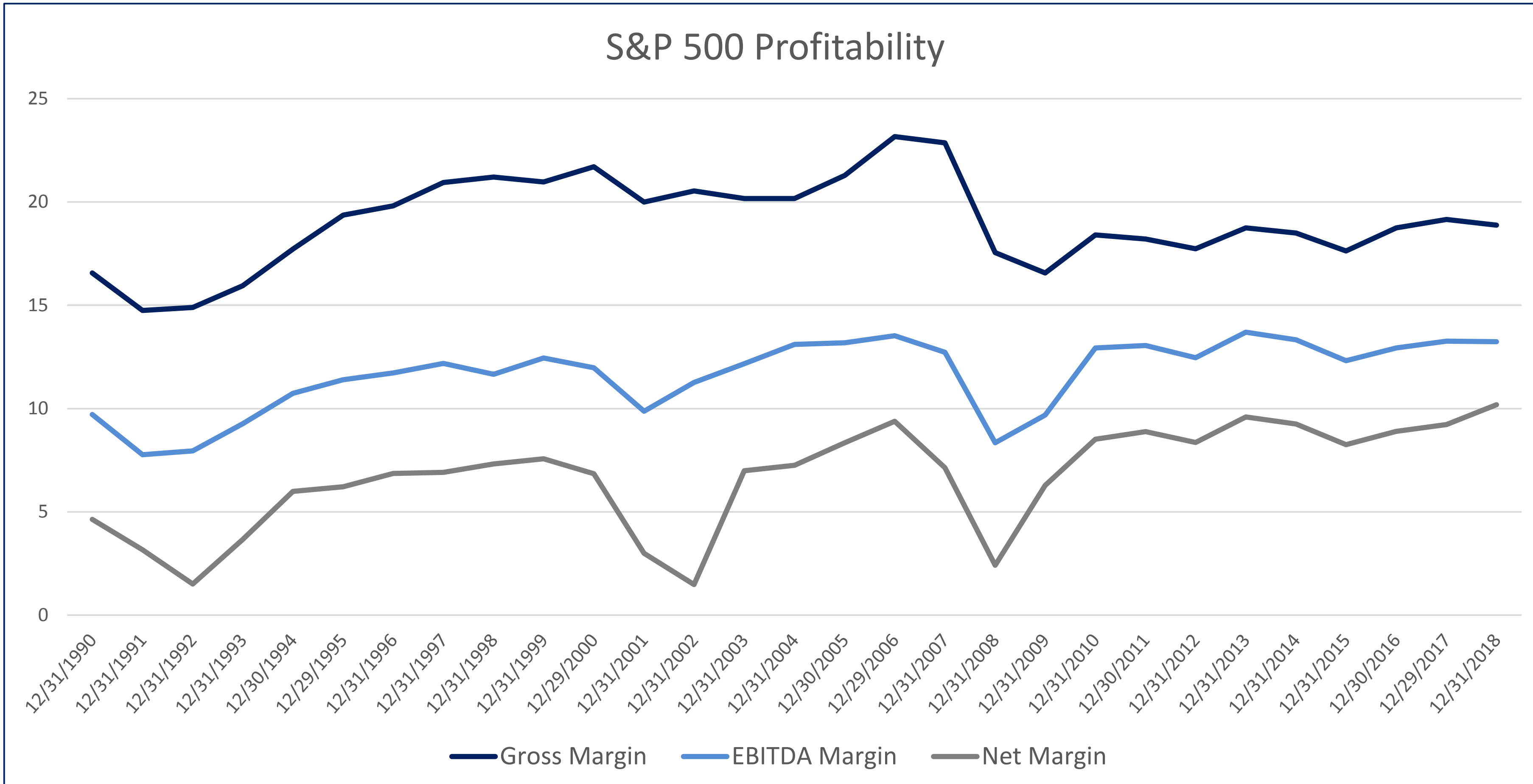
Inflation: Consumer Prices, Commodities and Asset Prices



Source: FactSet, St. Louis Federal Reserve

Market Drivers

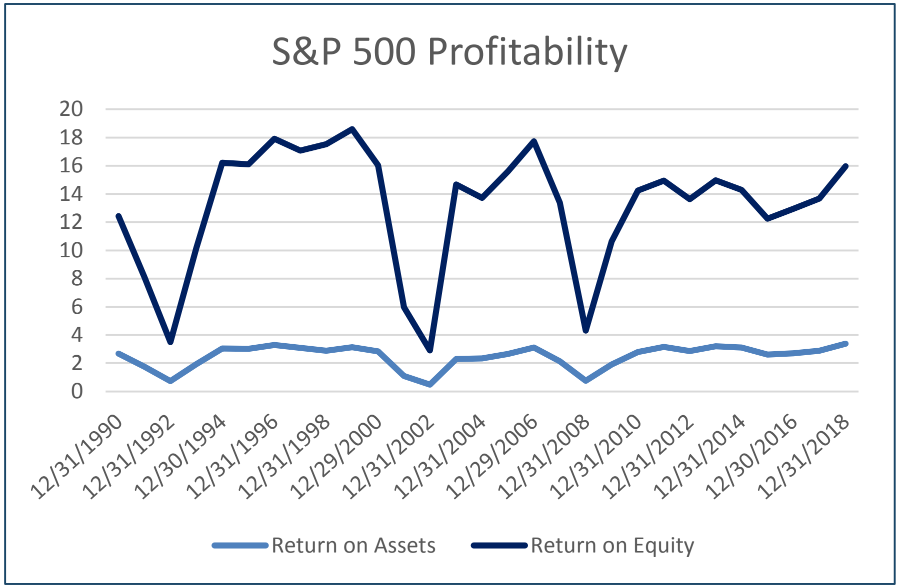
<u>**Profit Margins**</u>, Buybacks and Dividends

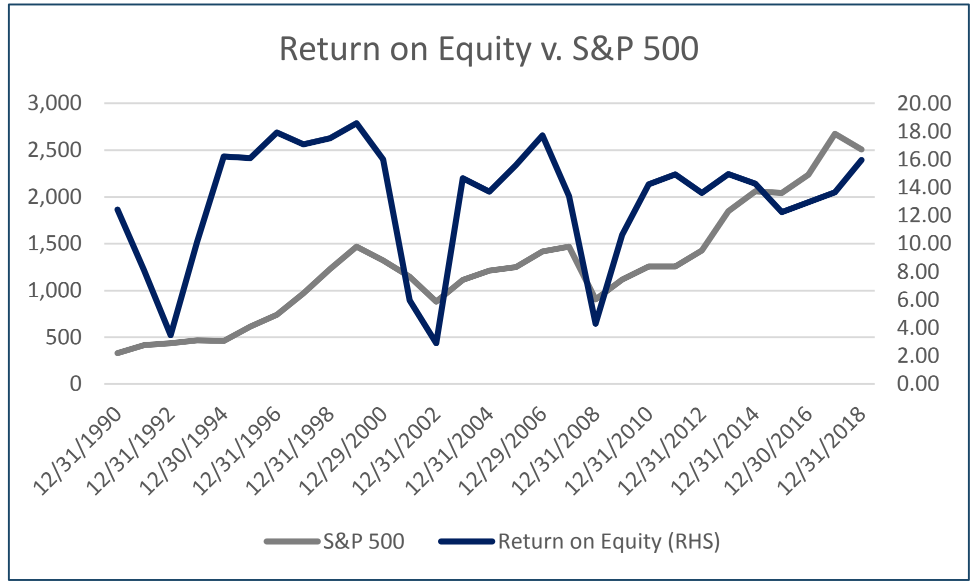


Source: Bloomberg, Standard & Poors

Market Drivers

Profit Margins, Buybacks and Dividends





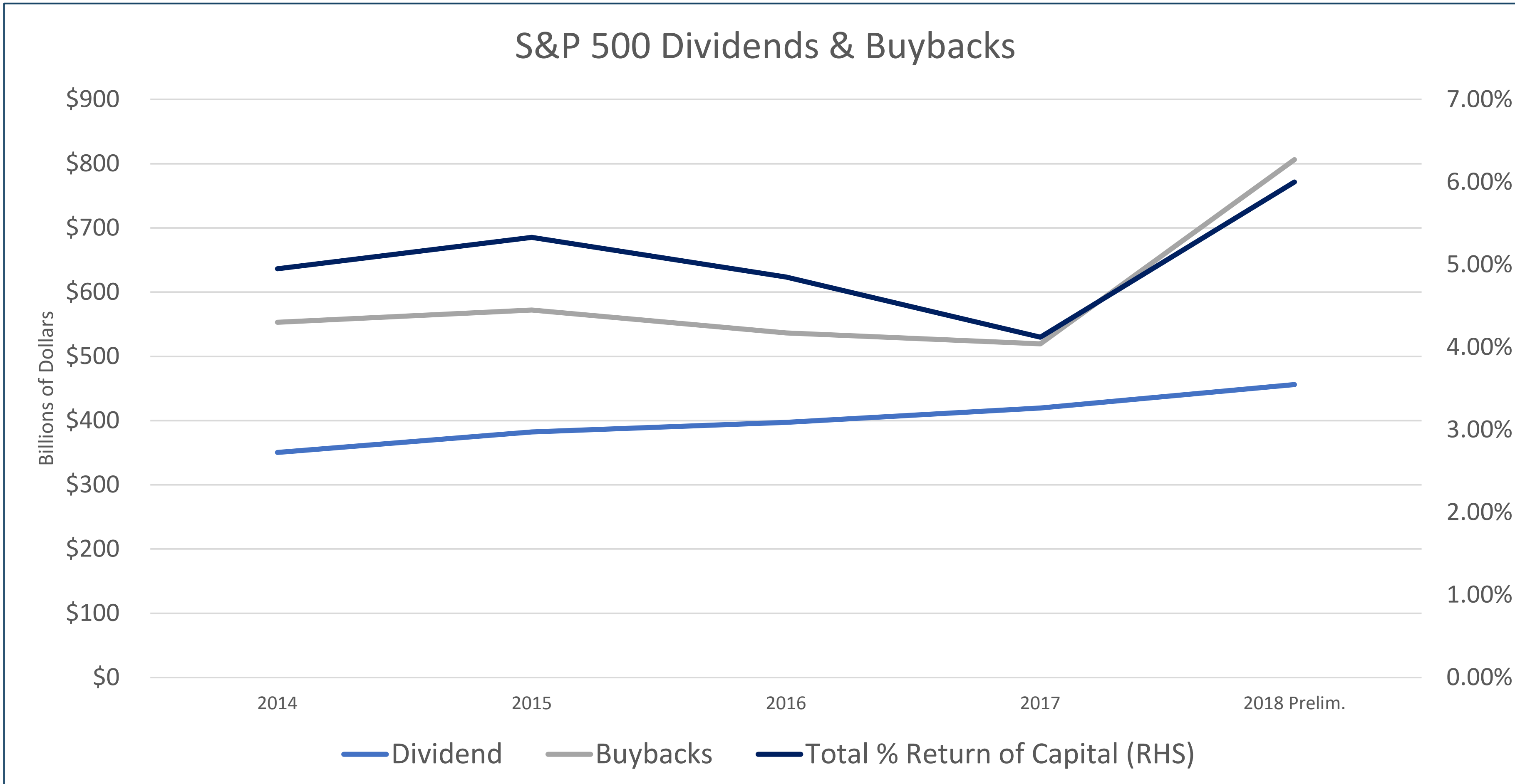
Source: Bloomberg, Standard & Poors

Market Drivers

HORIZON KINETICS

Kinetics Mutual Funds, Inc.

Profit Margins, **Buybacks and Dividends**



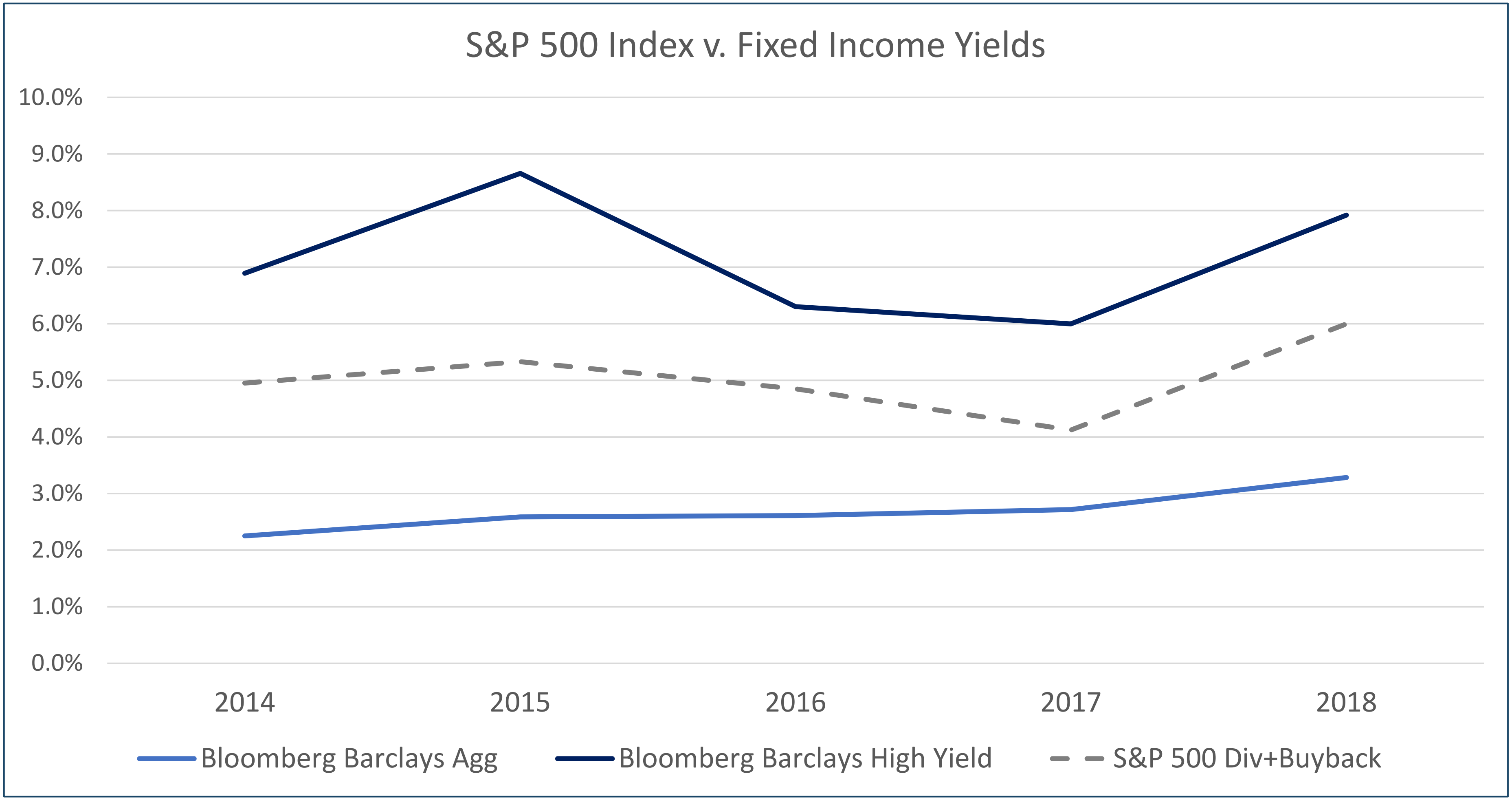
Source: Bloomberg, Standard & Poors

Market Drivers

HORIZON KINETICS

Kinetics Mutual Funds, Inc.

Profit Margins, **Buybacks and Dividends**



Source: FactSet, Bloomberg, Standard & Poors

S&P Buybacks + Dividends defined as aggregate value of dividends and buybacks as a percentage of index market value

Market Divers

S&P 500 Attribution 2019: Largest Lead

Ticker	Company	Weight*	2019 Return	Attribution	S&P Rank
MSFT	Microsoft Corporation	4.1%	32.80	118	1
AAPL	Apple Inc.	3.4%	26.42	86	2
AMZN	Amazon.com, Inc.	3.2%	26.08	76	3
FB	Facebook, Inc. Class A	1.8%	47.23	69	4
BRK.B	Berkshire Hathaway Inc. Class B	1.7%	4.40	7	58
JNJ	Johnson & Johnson	1.5%	9.36	15	22
JPM	JPMorgan Chase & Co.	1.5%	16.16	25	8
GOOG	Alphabet Inc. Class C	2.9%	4.37	13	29
XOM	Exxon Mobil Corporation	1.3%	14.86	21	13
V	Visa Inc. Class A	1.2%	31.92	115	5

**Alphabet Attribution and Weight Combines Shares Classes*

Total Return: +18.42%

Top 10 Attribution: +545bps

Source: Bloomberg, FactSet

Market Expectations

HORIZON KINETICS

Kinetics Mutual Funds, Inc.

What's Priced In?

Per Share

	Dec '14 CY	Dec '15 CY	Dec '16 CY	Dec '17 CY	Dec '18 CY	Dec '19E CY	Dec '20E CY	Dec '21E CY
EPS	117.48	116.76	118.08	131.76	160.80	166.28	184.68	205.88
Dividends per Share	39.83	44.57	46.24	49.45	54.18	58.03	62.03	67.65
Sales per Share	1,142.83	1,113.30	1,146.11	1,217.43	1,342.39	1,405.96	1,478.54	1,586.38
Cash Flow per Share	167.94	166.88	172.27	184.11	210.95	224.78	252.39	285.39
Free Cash Flow per Share	91.05	98.01	103.53	111.60	128.94	136.84	162.11	182.00
Book Value per Share	726.15	728.03	757.53	802.43	840.32	895.67	967.70	1,157.16
Book Value per Share - Tangible	-	-	-	-	-	-	-	-

Valuation & Profitability

	Dec '14 CY	Dec '15 CY	Dec '16 CY	Dec '17 CY	Dec '18 CY	Dec '19E CY	Dec '20E CY	Dec '21E CY
EBIT Margin (%)	15.29	14.86	15.41	15.89	16.13	16.03	16.66	17.03
EBITDA Margin (%)	19.36	19.70	19.60	19.97	20.08	20.02	20.54	21.08
Return on Equity (ROE) (%)	16.19	16.05	15.61	16.41	19.16	18.58	19.11	17.97

2018-2021 Estimates

Earnings +30%

Sales +18%

Book Value +37%

Margins +100bps

Source: FactSet

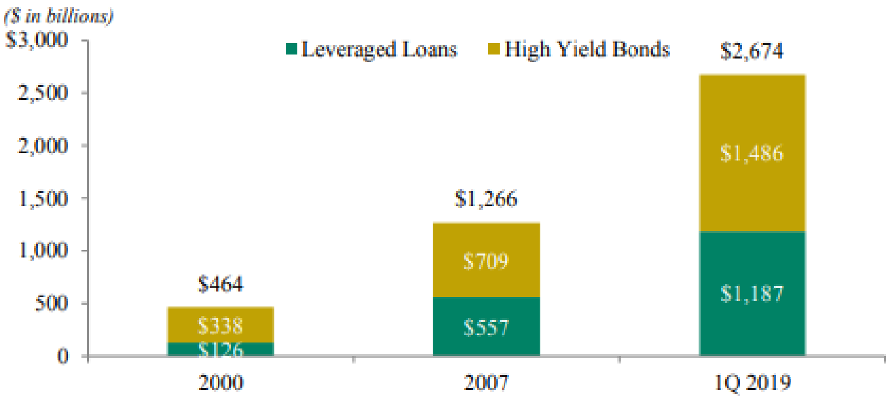
Market Expectations

HORIZON KINETICS

Kinetics Mutual Funds, Inc.

What Isn't Priced In?

TOTAL U.S. LEVERAGE DEBT OUTSTANDING NOW STANDS AT OVER 2X PRE-CRISIS LEVELS[1]

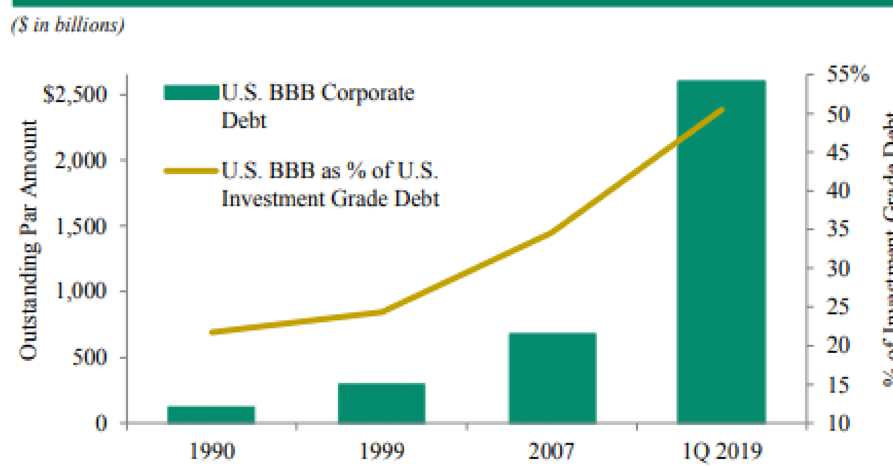


[1] S&P LCD. As of March 31, 2019.

Increased Leverage Outstanding

Greater Mix of Low Quality Debt

FALLEN ANGEL CANDIDATES (I.E., BBB DEBT) HAVE GROWN[2]



[2] Bloomberg Barclays Baa Corporate Index and U.S. Corporate Grade Index. As of March 31, 2019.

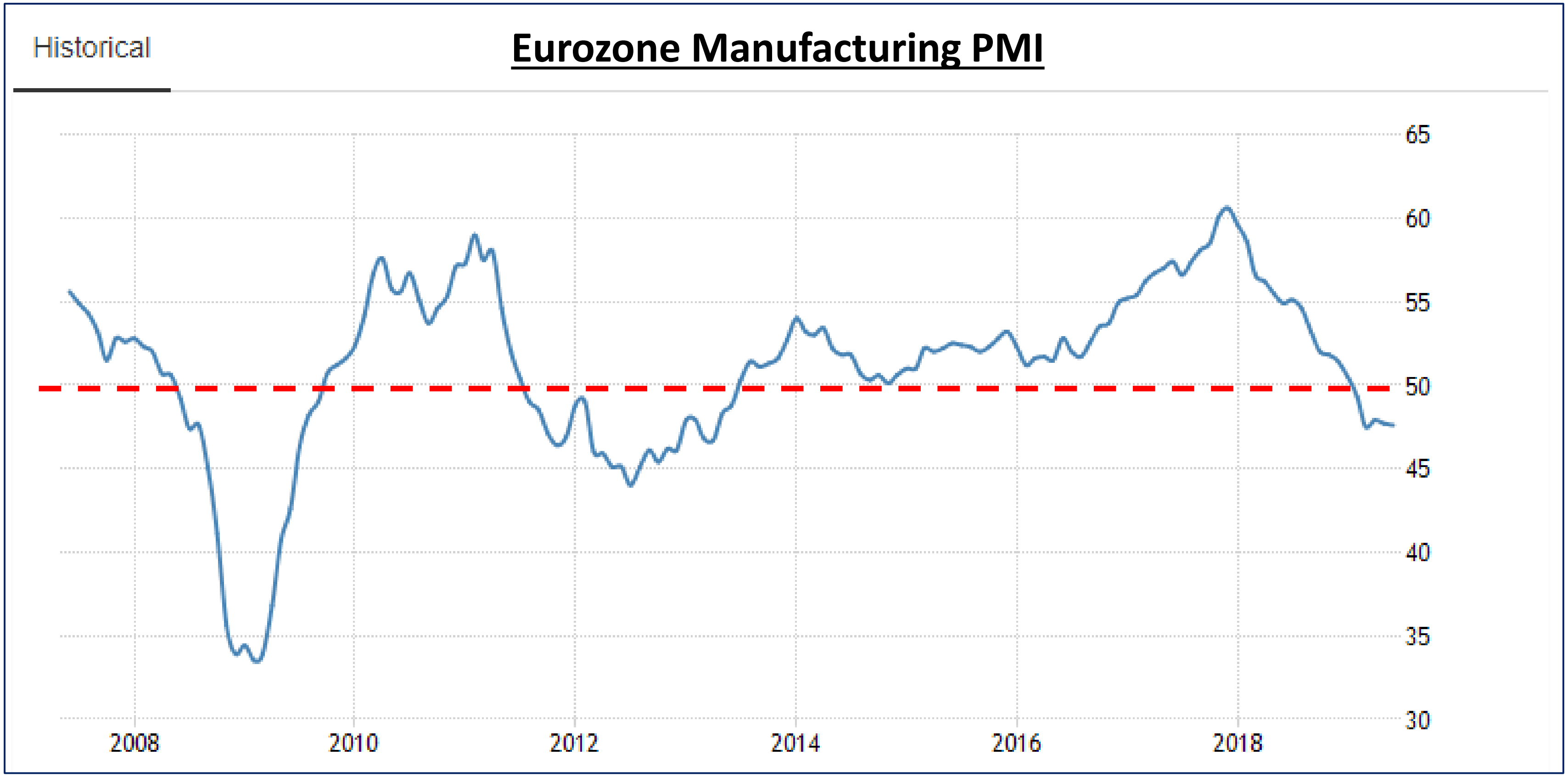
Source: Oaktree Capital

Market Expectations

HORIZON KINETICS

Kinetics Mutual Funds, Inc.

What Isn't Priced In?



Source: IHS Markit Eurozone Manufacturing PMI, Trading Economics

Portfolio Review

Positions of Note

THE HOWARD HUGHES CORPORATION

Strategic Review

OAKTREE

Merger with Brookfield Asset Management

ICAHN ENTERPRISES L.P.

Optimization of Portfolio

Owner Operators Consolidating/Monetizing Assets

Source: Holdings information is presented for illustrative purposes only and are subject to change without notice. It should not be assumed that the holdings were or will be profitable.

Important Risk Disclosures & Definitions

HORIZON KINETICS

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Certain of the funds mentioned herein provide exposure to bitcoin. The value of bitcoins is determined by the supply of and demand for bitcoins in the global market for the trading of bitcoins, which consists of transactions on electronic bitcoin exchanges ("Bitcoin Exchanges"). Pricing on Bitcoin Exchanges and other venues can be volatile and can adversely affect the value of the bitcoin. Currently, there is relatively small use of bitcoins in the retail and commercial marketplace in comparison to the relatively large use of bitcoins by speculators, thus contributing to price volatility that could adversely affect a portfolio's direct or indirect investments in bitcoin. Bitcoin transactions are irrevocable, and stolen or incorrectly transferred bitcoins may be irretrievable. As a result, any incorrectly executed bitcoin transactions could adversely affect the value of a portfolio's direct or indirect investment in bitcoin. Only investors who can appreciate the risks associated with an investment should invest in cryptocurrencies or products that offer cryptocurrency exposure. As with all investments, investors should consult with their investment, legal and tax professionals before investing, as you may lose money.

Options contain special risks, including the imperfect correlation between the value of the option and the value of the underlying asset. In addition, investing in foreign securities involves more risk than does investing in U.S. investments, including the risk of currency fluctuations, political and economic instability, and differences in financial reporting standards. There may also be heightened risks investing in non-investment grade debt securities and the use of options. Also, there are risks associated with investing in small and medium size companies. 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 Portfolio Trust.

Returns are subject to change. Note that indices are unmanaged and the figures shown herein do not reflect any investment management fee or transaction costs. Investors cannot directly invest in an index. References to market indices, benchmarks or other measures of relative market performance (a "Benchmark") over a specific period are provided for your information only. It is not our intention to state, indicate or imply in any manner that our future results will be profitable or equal past results.

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 Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The Bloomberg Barclays US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market.

The Kinetics **Alternative Income** Fund

2Q 2019

Horizon Kinetics Asset Management LLC

- Employee-owned, SEC-registered investment adviser, initially established in 1994.
- Manages approximately $5.5 billion in assets as of 06/30/2019.
- Oversees investments in mutual funds, separate accounts and alternative products.
- Investment decisions based on fundamental research, all of which is conducted in-house.
- Horizon Kinetics Asset Management is the Fund's adviser. Previously, Kinetics Asset Management was the Fund's adviser.

Portfolio Management Team

Murray Stahl
Chief Investment Officer
41 years of management experience
Co-Manager of Fund since 2012

Matt Houk
Co-Portfolio Manager
14 years of management experience
Co-Manager of Fund since 2015

Class Information

Class	Ticker	Cusip	12b-1 fee
Adv. A	KWIAX	494613714	0.50%
Adv. C	KWICX	494613698	1.00%
Inst.	KWIIX	494613680	-
No Load	KWINX	494613722	-

Fund Characteristics

Total Net Assets	$18.8 million
Total Number of Positions*	4
Turnover Ratio	0%
Minimum Purchase	$2,500

*Calculated such that all securities issued by one issuer are counted as one position.

Portfolio Allocation

Cash and Cash Equivalents	68.9%
Other Investments	31.1%

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Alternative Income Fund Overview

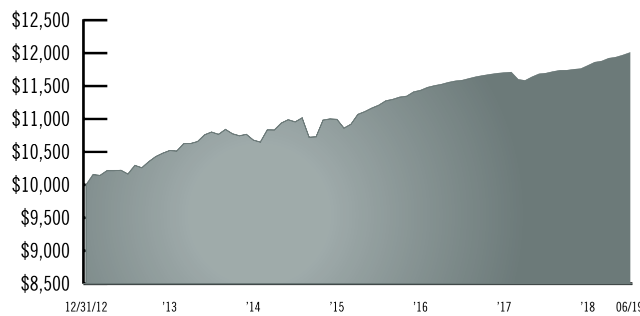
- A two-part investment strategy focused on generating income and capital gains in excess of traditional short duration, investment grade fixed income indexes.
- The strategy primarily invests in a diversified portfolio of short-term, investment grade bonds with an emphasis on liquidity, diversification, and lower interest rate or duration risk (1-3 years).
- A conservative equity option strategy supplements bond portfolio income via the collection of option premiums. Option exposures are allocated broadly across quality companies and indexes/exchange traded funds. The investment adviser seeks to mitigate incremental risks by selecting option strike prices that are below their underlying stock prices (out-of-the-money) and by limiting option notional exposures.

Historical Total Return (No-Load Class) as of 06/30/19

	2013	2014	2015	2016	2017	2018	YTD'19	Since 1/1/13
Fund (KWINX)	5.22%	1.50%	2.94%	4.00%	2.32%	0.92%	1.64%	2.85%
Bloomberg Barclays US Agg. Bond Index	-2.02%	5.97%	0.55%	2.65%	3.54%	0.01%	6.11%	2.55%
Bloomberg Barclays 1-3 Year US Credit Index	1.45%	1.12%	0.85%	2.11%	1.66%	1.64%	3.24%	1.85%

Growth of $10,000 Returns

$12,001



Statistics

	Fund	Barclays Agg.
Beta	0.04	1.00
Standard Deviation	2.21	2.97
Sharpe Ratio	0.97	0.62

Equity Option Overview

Option Statistics

Notional % of Portfolio with Put Options	0
Average Life of Options (days)	N/A
Average Option % Moneyness	N/A
Average Option Delta	

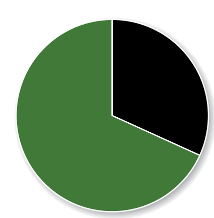
Fixed Income Overview

Fixed Income Statistics

Average Duration (years)	0.47
Average Maturity (years)	0.49

Credit Quality (%)

Cash	68.9%
A	31.1%



Rating Agency: Standard and Poor's.

The Kinetics **Alternative Income** Fund

2Q 2019

Performance (No-Load Class)

	3 Month	YTD	1YR	3YR	5YR	10YR	Since Inception
			Annualized Returns as of 06/30/19				
Alternative Income Fund (KWINX)	0.71%	1.64%	2.66%	2.30%	2.13%	2.73%	0.57%
Bloomberg Barclays US Agg. Bond Index	3.08%	6.11%	7.87%	2.31%	2.95%	3.90%	4.34%
Bloomberg Barclays 1-3 Year US Credit Index	1.54%	3.24%	4.82%	2.17%	1.93%	2.60%	3.06%

The Alternative Income Fund No Load Class inception date is 6/29/07. Performance prior to 1/1/13 reflects the Fund's prior investment objective and restrictions and may not be indicative of the Fund's prospective results. Figures include changes in principal value, reinvested dividends and capital gains distributions. 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. Call 1-800-930-3828 or visit us at www.kineticsfunds.com for the most recent month-end performance data. Current performance may be lower or higher than the performance data quoted. Performance data does not reflect the deduction of sales load or fee which, if reflected, 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.

Expense Ratios by Share Class

	Adv. A	Adv. C	No Load	Inst.
Gross	2.18%	2.68%	1.93%	1.88%
Net	1.25%	1.75%	1.00%	0.80%

The Gross expense ratios listed are as of 12/31/2018 as reported in the 4/30/2019 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, 2020 and may be discontinued at any time by the Fund's adviser after May 1, 2020.

Definitions:

Average Put Option % Moneyness: % moneyness refers to a put option's strike price relative to the price of its underlying security in percentage terms. The average put option % moneyness is the average % moneyness for the option exposures weighted by each option's % of notional exposure. In-the-money (ITM) refers to a put option with a strike price that is above the underlying security's price. At-the-money (ATM) refers to a put option with a strike prices that is equal to the underlying security's price. Out-the-money (OTM) refers to a put option with a strike price that is below the underlying security's price. For example, a put option that is 5% OTM has a strike price that is 5% below the underlying security's price and a put option that is 5% ITM has a strike price that is 5% higher than the underlying security's price. **Beta:** A statistic that measures the volatility of the fund, as compared to the overall market. The market's beta is set at 1.00; therefore 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. Beta has been calculated starting 12/31/12. **Delta:** A statistical measure relating the changes in an option's price to price changes of the option's underlying security. **Notional % of Portfolio with Put Options:** Represents the aggregate notional value of all written put options (strike price multiplied by the number of contracts) as a percentage of the portfolio's net assets, as of the stated date. **Sharpe Ratio:** A statistical measure that uses standard deviation and excess return to determine reward per unit of risk. A higher Sharpe ratio implies a better historical risk-adjusted performance. The Sharpe ratio has been calculated starting 12/31/12 using the 3-month treasury bill for the risk-free rate of return. **Standard Deviation:** A statistical measure of portfolio risk used to measure variability of total return around an average, over a specified period of time. The greater the standard deviation over the period, the wider the variability or range of returns and hence, the greater the fund's volatility. The standard deviation has been calculated starting 12/31/12. **Turnover Ratio:** A measure of how frequently assets within a fund are bought and sold by the managers represented over a one year period.

This Fund is classified as diversified; however, asset allocation/diversification does not guarantee profit or eliminate risk of loss.

Factsheet 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.

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.

The Growth of $10,000 chart illustrates the performance of a hypothetical $10,000 investment made in No Load Class shares on 12/31/2012 in commencement with the investment objective change on that date. It assumes reinvestment of capital gains and dividends. This chart is not intended to imply any future performance.

The Top Sectors displayed represent a percentage of the net assets and excludes cash equivalents and other assets in excess of liabilities. For purposes of calculating the top percentage holdings of the fund, the top 10 equity and fixed income holdings are valued at their applicable market value.

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 or call 1-800-930-3828. You should read the prospectus carefully before you invest.

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 30 days or less after you purchase them. 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 reporting standards. There may also be heightened risks investing in non-investment grade debt securities and the use of options. There are also risks associated with investing in small and medium sized companies. Non-investment grade debt securities, i.e., junk bonds, are subject to greater credit risk, price volatility and risk of loss than investment grade securities. Options contain special risks including the imperfect correlation between the value of the option and the value of the underlying asset. Unlike other investment companies that directly acquire and manage their own portfolios of securities, the Fund pursues its investment objective by investing all of its investable assets in a corresponding portfolio series of Kinetics Portfolios Trust.

The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency). The Bloomberg Barclays US 1-3 Year Credit Index measures the performance of investment grade corporate debt and sovereign, supranational, local authority, and non-US agency bonds that have a remaining maturity of at least one year and less than three years. Both Bloomberg indices are trademarks of Bloomberg. An investor cannot invest directly in an index.

Distributor: Kinetics Funds Distributor LLC is not an affiliate of Kinetics Mutual Funds, Inc.

Kinetics Mutual Funds, Inc.
We Do *Our* Research

The Kinetics **Global** Fund

2Q 2019

Horizon Kinetics Asset Management LLC

- Employee-owned, SEC-registered investment adviser, initially established in 1994.
- Manages approximately $5.5 billion in assets as of 06/30/2019.
- Oversees investments in mutual funds, separate accounts and alternative products.
- Investment decisions based on fundamental research, all of which is conducted in-house.
- Horizon Kinetics Asset Management is the Fund's adviser. Previously, Kinetics Asset Management was the Fund's adviser.

Portfolio Managers

Murray Stahl
Chief Investment Officer
41 years of management experience
Co-Manager of Fund since 2011

Steve Tuen, CFA
Co-Portfolio Manager
30 years of management experience
Co-Manager of Fund since 2003

Class Information

Class	Ticker	Cusip	12b-1 fee	Net	Gross
Adv. A	KGLAX	494613631	0.50%	1.64%	2.78%
Adv. C	KGLCX	494613623	1.00%	2.14%	3.28%
No Load	WWWEX	494613805	-	1.39%	2.53%

Fund Characteristics

Total Net Assets	$14.2 million
Total Number of Positions*	27
Turnover Ratio	28%
Investment Style	Global Equity
Market Cap Focus	All Cap
Minimum Purchase	$2,500

*Calculated such that all securities issued by one issuer are counted as one position.

Portfolio Allocation

Common Stocks	57.2%
Cash and Cash Equivalents	42.7%
Preferred Stocks	0.1%
Other Investments	0.0%
Fixed Income	0.0%

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Global Fund Overview

- Global Fund focuses on classic value investment opportunities worldwide with at least 40% of net assets in companies located outside the U.S.
- Seeks to identify unique business models with pricing dislocations
- On March 11, 2008 the Fund changed its name and investment mandate from the Internet Emerging Growth Fund to the Global Fund.

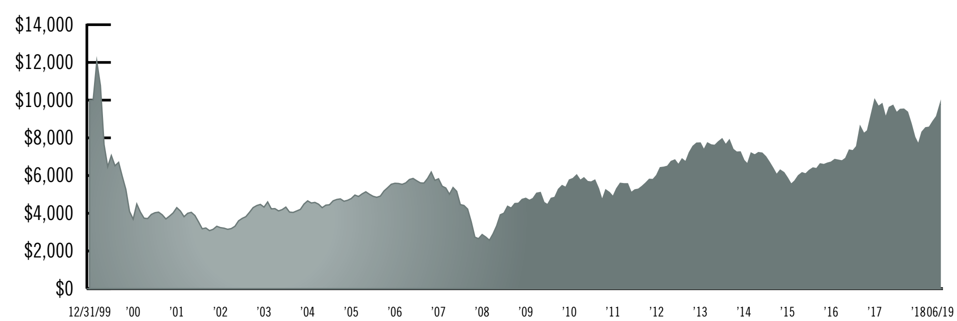
Performance (No-Load Class)

			Annualized Returns as of 06/30/19				
	3 Month	YTD	1YR	3YR	5YR	10YR	Since Inception
Fund (WWWEX)	14.40%	28.02%	5.04%	16.01%	4.28%	9.35%	-0.11%
S&P 500 Index	4.30%	18.54%	10.42%	14.19%	10.71%	14.70%	5.65%
MSCI ACW Index	3.61%	16.23%	5.74%	11.62%	6.16%	10.15%	4.18%

The Global Fund No Load Class inception date is 12/31/99. Figures include changes in principal value, reinvested dividends and capital gains distributions. 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. Call 1-800-930-3828 or visit us at www.kineticsfunds.com for the most recent month-end performance data. Current performance may be lower or higher than the performance data quoted. Performance data does not reflect the deduction of sales load or fee which, if reflected, 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.

Growth of $10,000 Returns Since Inception

$9,795



Top 10 Holdings (%) as of 06/30/19

Texas Pacific Land Trust	16.1%
Grayscale Bitcoin Trust	15.6%
CACI International, Inc. - Class A	5.3%
Clarkson plc	2.4%
Civeo Corporation	2.4%
Franco-Nevada Corporation	2.2%
Bollore SA	2.1%
Clarke, Inc.	1.7%
Siem Industries, Inc.	1.7%
Wheaton Precious Metals Corporation	1.4%

Statistics

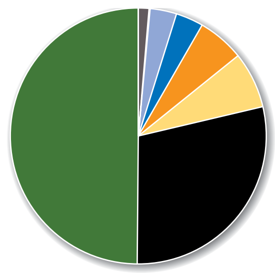
Statistics	Fund	S&P 500
Beta	0.95	1.00
Standard Deviation	21.71	14.65
Up Market Capture Ratio	0.90	-
Down Market Capture Ratio	1.12	-
Sharpe Ratio	-0.08	0.27
Weighted Avg. Mkt. Cap. ($mil)	$7,247	$242,822
Median Market Cap. ($mil)	$3,273	$22,682
Price to Book	2.19	1.49
Price to Earnings	18.92	20.43
Return on Equity	2.92%	22.85%
Active Share	99.68%	-

Historical Total Return (No-Load Class) as of 06/30/19

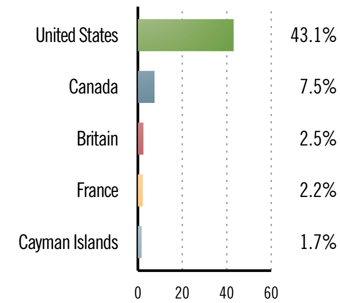
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fund (WWWEX)	-63.10%	16.53%	-24.65%	33.56%	7.67%	2.65%	16.90%	4.27%	-50.72%	66.86%	20.30%	-15.41%	23.16%	28.59%	-11.89%	-13.83%	14.40%	49.20%	-23.58%
S&P 500 Index	-9.10%	-11.89%	-22.10%	28.68%	10.88%	4.91%	15.79%	5.49%	-37.00%	26.46%	15.06%	2.11%	16.00%	32.39%	13.69%	1.38%	11.96%	21.83%	-4.38%
MSCI ACW Index	-14.21%	-16.21%	-19.32%	33.99%	15.23%	10.84%	20.95%	11.66%	-42.20%	34.63%	12.67%	-7.35%	16.13%	22.80%	4.16%	-2.36%	7.86%	23.97%	-9.42%

Top 10 Sectors (%)

Finance and Insurance	37.2%
Mining, Quarrying, and Oil and Gas Extraction	21.5%
Professional, Scientific, and Technical Services	5.3%
Management of Companies and Enterprises	4.4%
Transportation and Warehousing	2.6%
Accommodation and Food Services	2.5%
Information	0.1%
Real Estate and Rental and Leasing	0.0%
Retail Trade	0.0%



Top Countries (%)



Definitions:

Active share: 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 iShares S&P 500 ETF. **Beta:** A statistic that measures the volatility of the fund, as compared to the overall market. The market's beta is set at 1.00; therefore 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. **Down Market Capture Ratio:** A statistical measure of an investment manager's overall performance in down-markets. The down-market capture ratio is used to evaluate how well or poorly an investment manager performed relative to an index during periods when that index has dropped. The down-market capture ratio has been calculated since inception. **Median Market Capitalization:** The median market capitalization (value of outstanding shares) of a basket of stocks. **Price to Book Ratio:** The harmonic weighted average of the price/book (P/B) ratios of the equity securities referenced. The ratio calculated by dividing the current price of the stock by the company's book value per share (assets minus liabilities). **Price to Earnings Ratio:** The harmonic weighted average of the price/earnings (P/E) ratios of the equity securities referenced. The P/E ratio is calculated by dividing the current price of the stock by the trailing one year earnings. **Return on Equity:** The amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested. **Sharpe Ratio:** A statistical measure that uses standard deviation and excess return to determine reward per unit of risk. A higher Sharpe ratio implies a better historical risk-adjusted performance. The Sharpe ratio has been calculated since inception using the 3-month treasury bill for the risk-free rate of return. **Standard Deviation:** A statistical measure of portfolio risk used to measure variability of total return around an average, over a specified period of time. The greater the standard deviation over the period, the wider the variability or range of returns and hence, the greater the fund's volatility. The standard deviation has been calculated since inception. **Turnover Ratio:** A measure of how frequently assets within a fund are bought and sold by the managers represented over a one year period. **Up Market Capture Ratio:** A statistical measure of an investment manager's overall performance in up-markets. The up-market capture ratio is used to evaluate how well an investment manager performed relative to an index during periods when that index has risen. The up-market capture ratio has been calculated since inception. **Weighted Avg. Mkt. Cap:** The mean market capitalization (value of outstanding shares) of a basket of stocks, taking into account the relative weight of each investment.

The Gross expense ratios listed are as of 12/31/2018 as reported in the 4/30/2019 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, 2020 and may be discontinued at any time by the Fund's adviser after May 1, 2020.

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.

The Growth of $10,000 chart illustrates the performance of a hypothetical $10,000 investment made in No Load Class shares on commencement of operations (12/31/99). It assumes reinvestment of capital gains and dividends. This chart is not intended to imply any future performance.

Holdings are expressed as a percentage of total net investments and may vary over time. Equity holdings are subject to change, and may not be indicative of actual market position due to the use of call and put options.

The Top 10 Sectors and Top Countries displayed represent a percentage of the net assets and excludes cash equivalents and other assets in excess of liabilities.

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 or call 1-800-930-3828. You should read the prospectus carefully before you invest.

The Fund is classified as diversified; however, asset allocation/diversification does not guarantee a profit or eliminate risk of loss. 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 reporting standards. There may also be heightened risks investing in non-investment grade debt securities and the use of options. There are also risks associated with investing in small and medium sized companies. Non-investment grade debt securities, i.e., junk bonds, are subject to greater credit risk, price volatility and risk of loss than investment grade securities. Options contain special risks including the imperfect correlation between the value of the option and the value of the underlying asset. Unlike other investment companies that directly acquire and manage their own portfolios of securities, the Fund pursues its investment objective by investing all of its investable assets in a corresponding portfolio series of Kinetics Portfolios Trust.

The Fund holds investments that provide exposure to bitcoin. The value of bitcoins is determined by the supply of and demand for bitcoins in the global market for the trading of bitcoins, which consists of transactions on electronic bitcoin exchanges ("Bitcoin Exchanges"). Pricing on Bitcoin Exchanges and other venues can be volatile and can adversely affect the value of the bitcoin. Currently, there is relatively small use of bitcoins in the retail and commercial marketplace in comparison to the relatively large use of bitcoins by speculators, thus contributing to price volatility that could adversely affect a portfolio's direct or indirect investments in bitcoin. Bitcoin transactions are irrevocable, and stolen or incorrectly transferred bitcoins may be irretrievable. As a result, any incorrectly executed bitcoin transactions could adversely affect the value of a portfolio's direct or indirect investment in bitcoin. Only investors who can appreciate the risks associated with an investment should invest in cryptocurrencies or products that offer cryptocurrency exposure. As with all investments, investors should consult with their investment, legal and tax professionals before investing, as you may lose money.

S&P 500 Index statistics chart data is based on the iShares S&P 500 Index Fund for market cap, price to book, price to earnings, return on equity, and active share. iShares is a product of BlackRock, Inc.

The MSCI ACWI (All Country World Index) Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The Standard & Poor's 500 Index represents an unmanaged, broad-based basket of stocks. It is typically used as a proxy for overall market performance. The S&P 500 Index returns assumes that dividends are reinvested. An investor cannot invest directly in an index.

Distributor: Kinetics Funds Distributor LLC is not an affiliate of Kinetics Mutual Funds, Inc.

Kinetics Mutual Funds, Inc.
We Do *Our* Research

The Kinetics **Internet** Fund

2Q 2019

Horizon Kinetics Asset Management LLC

- Employee-owned, SEC-registered investment adviser, initially established in 1994.
- Manages approximately $5.5 billion in assets as of 06/30/2019.
- Oversees investments in mutual funds, separate accounts and alternative products.
- Investment decisions based on fundamental research, all of which is conducted in-house.
- Horizon Kinetics Asset Management is the Fund's adviser. Previously, Kinetics Asset Management was the Fund's adviser.

Portfolio Managers

Murray Stahl
Chief Investment Officer
41 years of management experience
Co-Manager of Fund since 1999

Peter Doyle
Senior Portfolio Manager
34 years of management experience
Co-Manager of Fund since 1999

James Davolos
Co-Portfolio Manager
14 years of management experience
Co-Manager of Fund since 2010

Class Information

Class	Ticker	Cusip	12b-1 fee	Net	Gross
Adv. A	KINAX	494613862	0.50%	2.09%	2.09%
Adv. C	KINCX	494613763	1.00%	2.59%	2.59%
No Load	WWWFX	460953102	-	1.84%	1.84%

Fund Characteristics

Total Net Assets	$138.5 million
Total Number of Positions*	34
Turnover Ratio	7%
Investment Style	Global Equity
Market Cap Focus	All Cap
Minimum Purchase	$2,500

*Calculated such that all securities issued by one issuer are counted as one position.

Portfolio Allocation

Common Stocks	70.4%
Cash and Cash Equivalents	29.6%
Other Investments	0.0%

www.kineticsfunds.com

Internet Fund Overview

- A fund that invests in undervalued companies participating in the growth of the Internet.
- Focused not only on investing in traditional technology companies, but also those that provide new kinds of services or products made possible by development or improvement of Internet-related technologies within a variety of sectors.
- Favor companies with strong alignment of interest and high barriers to entry, such as growing information library, scalability and network/adoption.

Performance (No-Load Class)

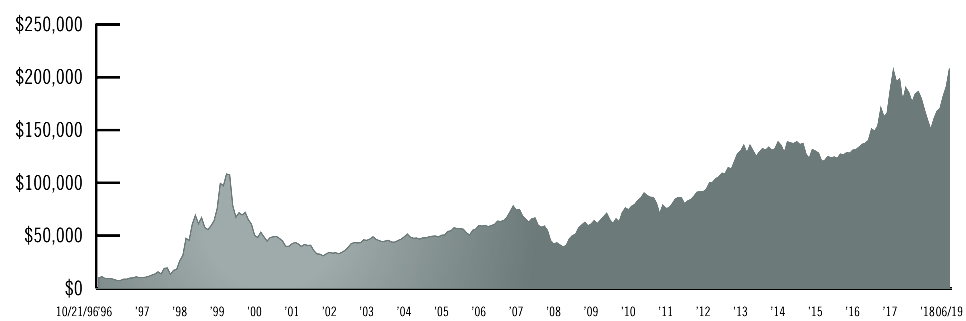
Annualized Returns as of 06/30/19

	3 Month	YTD	1YR	3YR	5YR	10YR	20YR	Since Inception
Fund (WWWFX)	21.92%	38.47%	18.16%	19.14%	9.47%	15.06%	5.83%	14.32%
NASDAQ Composite Index	3.58%	20.66%	6.60%	18.24%	12.68%	15.87%	5.61%	8.58%
S&P 500 Index	4.30%	18.54%	10.42%	14.19%	10.71%	14.70%	5.90%	8.49%

The Internet Fund No Load Class inception date is 10/21/96. Figures include changes in principal value, reinvested dividends and capital gains distributions. 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. Call 1-800-930-3828 or visit us at www.kineticsfunds.com for the most recent month-end performance data. Current performance may be lower or higher than the performance data quoted. Performance data does not reflect the deduction of sales load or fee which, if reflected, 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.

Growth of $10,000 Returns Since Inception

$208,223



Top 10 Holdings (%) as of 06/30/19

Grayscale Bitcoin Trust	18.5%
Texas Pacific Land Trust	11.9%
PayPal Holdings, Inc.	5.2%
CACI International, Inc. - Class A	4.3%
The Madison Square Garden Company - Class A	3.3%
OTC Markets Group Inc. - Class A	2.7%
Visa, Inc. - Class A	2.6%
Alphabet, Inc. - Class A	2.5%
Alphabet, Inc. - Class C	2.5%
LendingTree, Inc.	2.5%

Statistics

	Fund	S&P 500
Beta	1.21	1.00
Standard Deviation	29.70	15.06
Up Market Capture Ratio	1.43	-
Down Market Capture Ratio	1.20	-
Sharpe Ratio	0.39	0.42
Weighted Avg. Mkt. Cap. ($mil)	$83,535	$242,822
Median Market Cap. ($mil)	$6,651	$22,682
Price to Book	4.12	1.49
Price to Earnings	28.34	20.43
Return on Equity	13.51%	22.85%
Active Share	94.12%	-

The Kinetics **Internet** Fund

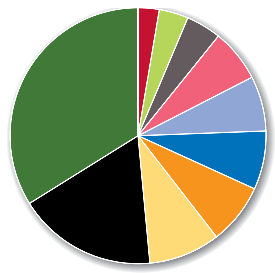
2Q 2019

Historical Total Return (No-Load Class) as of 06/30/19

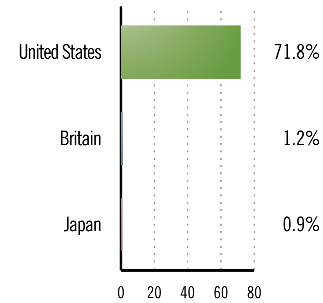
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fund (WWWFX)	-51.49%	-9.62%	-23.44%	40.11%	10.06%	-1.69%	16.49%	26.81%	-42.24%	48.61%	21.18%	-1.98%	23.24%	44.28%	-0.16%	-5.42%	2.59%	57.43%	-27.32%
S&P 500 Index	-9.10%	-11.89%	-22.10%	28.68%	10.88%	4.91%	15.79%	5.49%	-37.00%	26.46%	15.06%	2.11%	16.00%	32.39%	13.69%	1.38%	11.96%	21.83%	-4.38%
NASDAQ Composite Index	-39.29%	-21.05%	-31.53%	50.01%	8.59%	1.37%	9.52%	9.81%	-40.54%	43.89%	16.91%	-1.80%	15.91%	38.32%	13.40%	5.73%	7.50%	28.24%	-3.88%

Top 10 Industries (%)

Sec., Cmmdty Contracts, and Other Fin. Inv. and Rel. Act.	22.9%
Oil and Gas Extraction	11.9%
Professional, Scientific, and Technical Services	6.1%
Administrative and Support Services	5.2%
Other Information Services	5.0%
Data Processing, Hosting, and Related Services	4.7%
Broadcasting (except Internet)	4.5%
Other Telecommunications	3.0%
Credit Intermediation and Related Activities	2.5%
Spectator Sports	0.8%



Top Countries (%)



Definitions:

Active share: 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 iShares S&P 500 ETF. **Beta:** A statistic that measures the volatility of the fund, as compared to the overall market. The market's beta is set at 1.00; therefore 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. **Down Market Capture Ratio:** A statistical measure of an investment manager's overall performance in down-markets. The down-market capture ratio is used to evaluate how well or poorly an investment manager performed relative to an index during periods when that index has dropped. The down-market capture ratio has been calculated since 11/01/96. **Median Market Capitalization:** The median market capitalization (value of outstanding shares) of a basket of stocks. **Price to Book Ratio:** The harmonic weighted average of the price/book (P/B) ratios of the equity securities referenced. The ratio calculated by dividing the current price of the stock by the company's book value per share (assets minus liabilities). **Price to Earnings Ratio:** The harmonic weighted average of the price/earnings (P/E) ratios of the equity securities referenced. The P/E ratio is calculated by dividing the current price of the stock by the trailing one year earnings. **Return on Equity:** The amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested. **Sharpe Ratio:** A statistical measure that uses standard deviation and excess return to determine reward per unit of risk. A higher Sharpe ratio implies a better historical risk-adjusted performance. The Sharpe ratio has been calculated since 11/01/96 using the 3-month treasury bill for the risk-free rate of return. **Standard Deviation:** A statistical measure of portfolio risk used to measure variability of total return around an average, over a specified period of time. The greater the standard deviation over the period, the wider the variability or range of returns and hence, the greater the fund's volatility. The standard deviation has been calculated since 11/01/96. **Turnover Ratio:** A measure of how frequently assets within a fund are bought and sold by the managers represented over a one year period. **Up Market Capture Ratio:** A statistical measure of an investment manager's overall performance in up-markets. The up-market capture ratio is used to evaluate how well an investment manager performed relative to an index during periods when that index has risen. The up-market capture ratio has been calculated since 11/01/96. **Weighted Avg. Mkt. Cap:** The mean market capitalization (value of outstanding shares) of a basket of stocks, taking into account the relative weight of each investment.

The Gross expense ratios listed are as of 12/31/2018 as reported in the 4/30/2019 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, 2020 and may be discontinued at any time by the Fund's adviser after May 1, 2020.

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.

The Growth of $10,000 chart illustrates the performance of a hypothetical $10,000 investment made in No Load Class shares on commencement of operations (10/21/96). It assumes reinvestment of capital gains and dividends. This chart is not intended to imply any future performance.

Holdings are expressed as a percentage of total net investments and may vary over time. Equity holdings are subject to change, and may not be indicative of actual market position due to the use of call and put options.

The Top 10 Industries and Top Countries displayed represent a percentage of the net assets and excludes cash equivalents and other assets in excess of liabilities.

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 or call 1-800-930-3828. You should read the prospectus carefully before you invest.

As a non-diversified fund, 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 reporting standards. There may also be heightened risks investing in non-investment grade debt securities and the use of options. There are also risks associated with investing in small and medium sized companies. Non-investment grade debt securities, i.e., junk bonds, are subject to greater credit risk, price volatility and risk of loss than investment grade securities. Options contain special risks including the imperfect correlation between the value of the option and the value of the underlying asset. Furthermore, Internet stocks are subject to a rate of change in technology obsolescence and competition that is generally higher than that of other industries, and have experienced extreme price and volume fluctuations. Unlike other investment companies that directly acquire and manage their own portfolios of securities, the Fund pursues its investment objective by investing all of its investable assets in a corresponding portfolio series of Kinetics Portfolios Trust.

The Fund holds investments that provide exposure to bitcoin. The value of bitcoins is determined by the supply of and demand for bitcoins in the global market for the trading of bitcoins, which consists of transactions on electronic bitcoin exchanges ("Bitcoin Exchanges"). Pricing on Bitcoin Exchanges and other venues can be volatile and can adversely affect the value of the bitcoin. Currently, there is relatively small use of bitcoins in the retail and commercial marketplace in comparison to the relatively large use of bitcoins by speculators, thus contributing to price volatility that could adversely affect a portfolio's direct or indirect investments in bitcoin. Bitcoin transactions are irrevocable, and stolen or incorrectly transferred bitcoins may be irretrievable. As a result, any incorrectly executed bitcoin transactions could adversely affect the value of a portfolio's direct or indirect investment in bitcoin. Only investors who can appreciate the risks associated with an investment should invest in cryptocurrencies or products that offer cryptocurrency exposure. As with all investments, investors should consult with their investment, legal and tax professionals before investing, as you may lose money.

S&P 500 Index statistics chart data is based on the iShares S&P 500 Index Fund for market cap, price to book, price to earnings, return on equity, and active share. iShares is a product of BlackRock, Inc.

The NASDAQ Composite (NASDAQ) and the Standard & Poor's 500 Index (S&P 500) each represent an unmanaged, broad-based basket of stocks. They are typically used as a proxy for overall market performance. NASDAQ Composite returns stated above do NOT include reinvested dividends, while the S&P 500 Index returns assume that dividends are reinvested. An investor cannot invest directly in an index.

Kinetics Mutual Funds, Inc.

We Do *Our* Research

The Kinetics **Market Opportunities** Fund

2Q 2019

Horizon Kinetics Asset Management LLC

- Employee-owned, SEC-registered investment adviser, initially established in 1994.
- Manages approximately $5.5 billion in assets as of 06/30/2019.
- Oversees investments in mutual funds, separate accounts and alternative products.
- Investment decisions based on fundamental research, all of which is conducted in-house.
- Horizon Kinetics Asset Management is the Fund's adviser. Previously, Kinetics Asset Management was the Fund's adviser.

Portfolio Managers

Murray Stahl
Chief Investment Officer
41 years of management experience
Co-Manager of Fund since inception (2006)

Peter Doyle
Senior Portfolio Manager
34 years of management experience
Co-Manager of Fund since inception (2006)

Class Information

Class	Ticker	Cusip	12b-1 fee	Net	Gross
Adv. A	KMKAX	494613771	0.50%	1.65%	2.11%
Adv. C	KMKCX	494613730	1.00%	2.15%	2.61%
Inst.	KMKYX	494613615	-	1.20%	1.81%
No Load	KMKNX	494613789	-	1.40%	1.86%

Fund Characteristics

Total Net Assets	$89.1 million
Total Number of Positions*	33
Turnover Ratio	3%
Investment Style	Global Equity
Market Cap Focus	All Cap
Minimum Purchase	$2,500

*Calculated such that all securities issued by one issuer are counted as one position.

Portfolio Allocation

Common Stocks	59.3%
Cash and Cash Equivalents	40.2%
Preferred Stocks	0.3%
Other Investments	0.2%
Fixed Income	0.0%

Market Opportunities Fund Overview

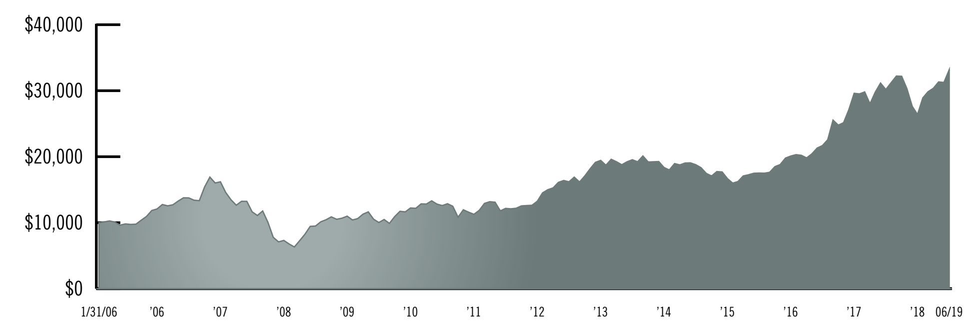
- U.S. focused global fund invests in companies engaged in capital markets related activities and services, which trade at attractive valuations.
- Investments are focused on companies that generally benefit from increasing transactional volume or facilitating financial transactions without employing financial leverage or risking their own capital.
- Such companies tend to have high operating leverage, high returns on equity and scalability.

Performance (No-Load Class)

	3 Month	YTD	1YR	3YR	5YR	10YR	Since Inception
			Annualized Returns as of 06/30/19				
Fund (KMKNX)	9.24%	25.70%	9.91%	23.70%	11.16%	13.32%	9.35%
S&P 500 Index	4.30%	18.54%	10.42%	14.19%	10.71%	14.70%	8.67%
MSCI EAFE Index	3.68%	14.03%	1.08%	9.11%	2.25%	6.90%	3.45%

The Market Opportunities Fund No Load Class inception date is 1/31/06. Figures include changes in principal value, reinvested dividends and capital gains distributions. 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. Call 1-800-930-3828 or visit us at www.kineticsfunds.com for the most recent month-end performance data. Current performance may be lower or higher than the performance data quoted. Performance data does not reflect the deduction of sales load or fee which, if reflected, 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.

Growth of $10,000 Returns Since Inception **$33,170**



Top 10 Holdings (%) as of 06/30/19

Texas Pacific Land Trust	32.1%
Grayscale Bitcoin Trust	8.7%
Icahn Enterprises LP	1.9%
Dream Unlimited Corporation - Class A	1.7%
Partners Value Investments LP	1.6%
Visa, Inc. - Class A	1.6%
Associated Capital Group, Inc. - Class A	1.4%
The Howard Hughes Corporation	1.4%
CME Group, Inc.	1.3%
MasterCard, Inc. - Class A	1.2%

Statistics

Statistics	Fund	S&P 500
Beta	1.09	1.00
Standard Deviation	19.39	14.38
Up Market Capture Ratio	1.16	-
Down Market Capture Ratio	1.16	-
Sharpe Ratio	0.42	0.52
Weighted Avg. Mkt. Cap. ($mil)	$23,160	$242,822
Median Market Cap. ($mil)	$3,613	$22,682
Price to Book	2.62	1.49
Price to Earnings	21.25	20.43
Return on Equity	8.68%	22.85%
Active Share	97.17%	-

The Kinetics **Market Opportunities** Fund

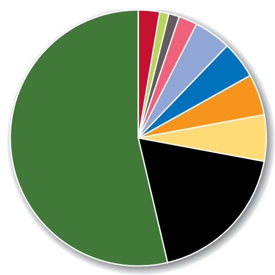
2Q 2019

Historical Total Return (No-Load Class) as of 06/30/19

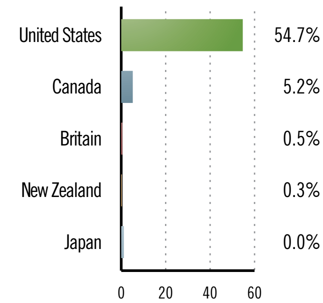
	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fund (KMKNX)	20.85%	34.03%	-54.83%	50.21%	11.31%	-7.85%	17.52%	46.74%	-5.55%	-9.11%	20.45%	47.28%	-10.86%
S&P 500 Index	10.80%	5.49%	-37.00%	26.46%	15.06%	2.11%	16.00%	32.39%	13.69%	1.38%	11.96%	21.83%	-4.38%
MSCI EAFE Index	20.97%	11.17%	-43.38%	31.78%	7.75%	-12.14%	17.32%	22.78%	-4.90%	-0.81%	1.00%	25.03%	-13.79%

Top Industries (%)

Oil and Gas Extraction	32.1%
Sec., Cmmdty Contracts, and Other Fin. Inv. and Rel. Act.	11.0%
Management of Companies and Enterprises	3.5%
Real Estate	3.1%
Data Processing, Hosting, and Related Services	2.8%
Other Investment Pools and Funds	2.8%
Securities and Commodity Exchanges	1.4%
Insurance Carriers and Related Activities	0.8%
Other Financial Investment Activities	0.7%
Mining (except Oil and Gas)	0.6%



Top Countries (%)



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The Top 10 Industries and Top Countries displayed represent a percentage of the net assets and excludes cash equivalents and other assets in excess of liabilities.

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The Fund holds investments that provide exposure to bitcoin. The value of bitcoins is determined by the supply of and demand for bitcoins in the global market for the trading of bitcoins, which consists of transactions on electronic bitcoin exchanges ("Bitcoin Exchanges"). Pricing on Bitcoin Exchanges and other venues can be volatile and can adversely affect the value of the bitcoin. Currently, there is relatively small use of bitcoins in the retail and commercial marketplace in comparison to the relatively large use of bitcoins by speculators, thus contributing to price volatility that could adversely affect a portfolio's direct or indirect investments in bitcoin. Bitcoin transactions are irrevocable, and stolen or incorrectly transferred bitcoins may be irretrievable. As a result, any incorrectly executed bitcoin transactions could adversely affect the value of a portfolio's direct or indirect investment in bitcoin. Only investors who can appreciate the risks associated with an investment should invest in cryptocurrencies or products that offer cryptocurrency exposure. As with all investments, investors should consult with their investment, legal and tax professionals before investing, as you may lose money.

S&P 500 Index statistics chart data is based on the iShares S&P 500 Index Fund for market cap, price to book, price to earnings, return on equity, and active share. iShares is a product of BlackRock, Inc.

The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. The Standard & Poor's 500 Index represents an unmanaged, broad-based basket of stocks. It is typically used as a proxy for overall market performance. The S&P 500 Index returns assume that dividends are reinvested. An investor cannot invest directly in an index.

Distributor: Kinetics Funds Distributor LLC is not an affiliate of Kinetics Mutual Funds, Inc.

Kinetics Mutual Funds, Inc.
We Do *Our* Research

The Kinetics **Medical** Fund

2Q 2019

Horizon Kinetics Asset Management LLC

- Employee-owned, SEC-registered investment adviser, initially established in 1994.
- Manages approximately $5.5 billion in assets as of 06/30/2019.
- Oversees investments in mutual funds, separate accounts and alternative products.
- Investment decisions based on fundamental research, all of which is conducted in-house.
- Horizon Kinetics Asset Management is the Fund's adviser. Previously, Kinetics Asset Management was the Fund's adviser.

Portfolio Managers

Paul Abel
Co-Portfolio Manager
20 years of management experience
Manager of Fund since inception (1999)

Peter Doyle
Senior Portfolio Manager
34 years of management experience
Co-Manager of Fund since inception (1999)

Class Information

Class	Ticker	Cusip	12b-1 fee	Net	Gross
Adv. A	KRXAX	494613847	0.50%	1.64%	2.48%
Adv. C	KRXCX	494613755	1.00%	2.14%	2.98%
No Load	MEDRX	494613102	-	1.39%	2.23%

Fund Characteristics

Total Net Assets	$16.4 million
Total Number of Positions*	29
Turnover Ratio	6%
Investment Style	Global Equity
Market Cap Focus	All Cap
Minimum Purchase	$2,500

*Calculated such that all securities issued by one issuer are counted as one position.

Portfolio Allocation

Common Stocks	99.6%
Cash and Cash Equivalents	0.3%
Other Investments	0.1%

www.kineticsfunds.com

Medical Fund Overview

- Invests in patented first line pharmaceuticals and biologics as these products tend to have high profit margins and significant barriers to entry.
- Employs a long-term perspective seeking to capture returns of both intrinsic valuation realization and scientific discovery.
- Bio-Pharma sector is relatively insensitive to economic turmoil, while novel research and development imply sustained growth.

Performance (No-Load Class)

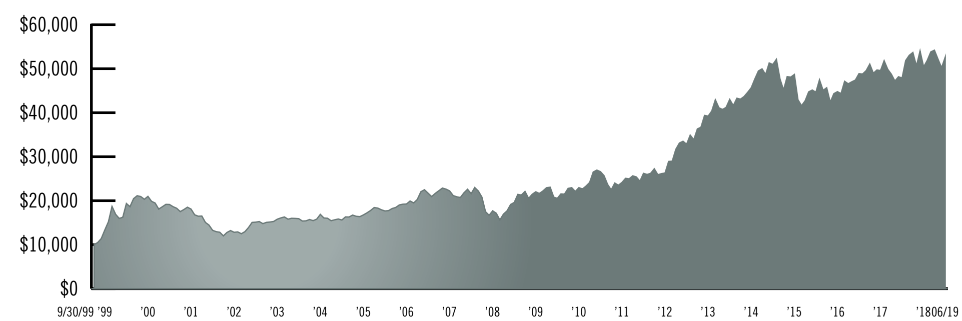
Annualized Returns as of 06/30/19

	3 Month	YTD	1YR	3YR	5YR	10YR	Since Inception
Fund (MEDRX)	-2.97%	4.35%	9.86%	5.63%	4.10%	10.38%	8.77%
S&P 500 Index	4.30%	18.54%	10.42%	14.19%	10.71%	14.70%	6.32%
NASDAQ Composite Index	3.58%	20.66%	6.60%	18.24%	12.68%	15.87%	5.57%

The Medical Fund No Load Class inception date is 9/30/99. Figures include changes in principal value, reinvested dividends and capital gains distributions. 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. Call 1-800-930-3828 or visit us at www.kineticsfunds.com for the most recent month-end performance data. Current performance may be lower or higher than the performance data quoted. Performance data does not reflect the deduction of sales load or fee which, if reflected, 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.

Growth of $10,000 Returns Since Inception

$52,593



Top 10 Holdings (%) as of 06/30/19

Pfizer, Inc.	8.5%
Novartis AG	7.8%
Merck & Company, Inc.	7.7%
Johnson & Johnson	7.6%
Sanofi	6.6%
AstraZeneca plc	6.0%
Eli Lilly & Company	5.7%
Bristol-Myers Squibb Company	5.7%
GlaxoSmithKline plc	5.5%
Biogen, Inc.	5.3%

Statistics

Statistics	Fund	S&P 500
Beta	0.71	1.00
Standard Deviation	16.93	14.67
Up Market Capture Ratio	0.87	-
Down Market Capture Ratio	0.65	-
Sharpe Ratio	0.42	0.31
Weighted Avg. Mkt. Cap. ($mil)	$136,018	$242,822
Median Market Cap. ($mil)	$65,152	$22,682
Price to Book	4.95	1.49
Price to Earnings	18.76	20.43
Return on Equity	21.14%	22.85%
Active Share	94.23%	-

The Kinetics **Medical** Fund

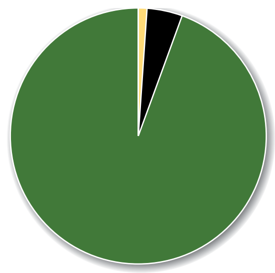
2Q 2019

Historical Total Return (No-Load Class) as of 06/30/19

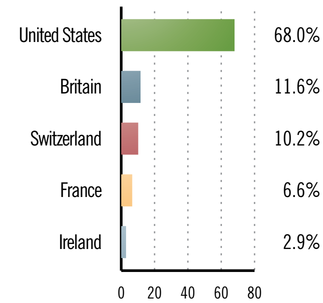
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fund (MEDRX)	57.04%	-13.77%	-29.14%	23.19%	6.96%	-0.72%	14.81%	15.47%	-20.42%	24.47%	4.30%	5.11%	8.86%	49.25%	16.44%	6.59%	-8.01%	10.71%	1.67%
S&P 500 Index	-9.10%	-11.89%	-22.10%	28.68%	10.88%	4.91%	15.79%	5.49%	-37.00%	26.46%	15.06%	2.11%	16.00%	32.39%	13.69%	1.38%	11.96%	21.83%	-4.38%
NASDAQ Composite Index	-39.29%	-21.05%	-31.53%	50.01%	8.59%	1.37%	9.52%	9.81%	-40.54%	43.89%	16.91%	-1.80%	15.91%	38.32%	13.40%	5.73%	7.50%	28.24%	-3.88%

Top Industries (%)

Pharmaceutical and Medicine Manufacturing	95.0%
Professional, Scientific, and Technical Services	4.5%
Scientific Research and Development Services	0.1%
Chemical Manufacturing	0.0%



Top Countries (%)



Definitions:

Active share: 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 iShares S&P 500 ETF. **Beta:** A statistic that measures the volatility of the fund, as compared to the overall market. The market's beta is set at 1.00; therefore 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. **Down Market Capture Ratio:** A statistical measure of an investment manager's overall performance in down-markets. The down-market capture ratio is used to evaluate how well or poorly an investment manager performed relative to an index during periods when that index has dropped. The down-market capture ratio has been calculated since inception. **Median Market Capitalization:** The median market capitalization (value of outstanding shares) of a basket of stocks. **Price to Book Ratio:** The harmonic weighted average of the price/book (P/B) ratios of the equity securities referenced. The ratio calculated by dividing the current price of the stock by the company's book value per share (assets minus liabilities). **Price to Earnings Ratio:** The harmonic weighted average of the price/earnings (P/E) ratios of the equity securities referenced. The P/E ratio is calculated by dividing the current price of the stock by the trailing one year earnings. **Return on Equity:** The amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested. **Sharpe Ratio:** A statistical measure that uses standard deviation and excess return to determine reward per unit of risk. A higher Sharpe ratio implies a better historical risk-adjusted performance. The Sharpe ratio has been calculated since inception using the 3-month treasury bill for the risk-free rate of return. **Standard Deviation:** A statistical measure of portfolio risk used to measure variability of total return around an average, over a specified period of time. The greater the standard deviation over the period, the wider the variability or range of returns and hence, the greater the fund's volatility. The standard deviation has been calculated since inception. **Turnover Ratio:** A measure of how frequently assets within a fund are bought and sold by the managers represented over a one year period. **Up Market Capture Ratio:** A statistical measure of an investment manager's overall performance in up-markets. The up-market capture ratio is used to evaluate how well an investment manager performed relative to an index during periods when that index has risen. The up-market capture ratio has been calculated since inception. **Weighted Avg. Mkt. Cap:** The mean market capitalization (value of outstanding shares) of a basket of stocks, taking into account the relative weight of each investment.

The Gross expense ratios listed are as of 12/31/2018 as reported in the 4/30/2019 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, 2020 and may be discontinued at any time by the Fund's adviser after May 1, 2020.

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The Growth of $10,000 chart illustrates the performance of a hypothetical $10,000 investment made in No Load Class shares on commencement of operations (9/30/99). It assumes reinvestment of capital gains and dividends. This chart is not intended to imply any future performance.

Holdings are expressed as a percentage of total net investments and may vary over time. Equity holdings are subject to change, and may not be indicative of actual market position due to the use of call and put options.

The Top Industries and Top Countries displayed represent a percentage of the net assets and excludes cash equivalents and other assets in excess of liabilities.

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As a non-diversified fund, 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 investing in U.S. investments, including the risk of currency fluctuations, political and economic instability and differences in financial reporting standards. There may also be heightened risks investing in non-investment grade debt securities and the use of options. There are also risks associated with investing in small and medium sized companies. Non-investment grade debt securities, i.e., junk bonds, are subject to greater credit risk, price volatility and risk of loss than investment grade securities. Options contain special risks including the imperfect correlation between the value of the option and the value of the underlying asset. Unlike other investment companies that directly acquire and manage their own portfolios of securities, the Fund pursues its investment objective by investing all of its investable assets in a corresponding portfolio series of Kinetics Portfolios Trust.

S&P 500 Index statistics chart data is based on the iShares S&P 500 Index Fund for market cap, price to book, price to earnings, return on equity, and active share. iShares is a product of BlackRock, Inc.

The NASDAQ Composite (NASDAQ) and the Standard & Poor's 500 Index (S&P 500) each represent an unmanaged, broad-based basket of stocks. They are typically used as a proxy for overall market performance. NASDAQ Composite returns stated above do NOT include reinvested dividends, while the S&P 500 Index returns assume that dividends are reinvested. An investor cannot invest directly in an index.

Distributor: Kinetics Funds Distributor LLC is not an affiliate of Kinetics Mutual Funds, Inc.

Kinetics Mutual Funds, Inc.
We Do *Our* Research

Kinetics **Multi-Disciplinary Income** Fund

2Q 2019

Horizon Kinetics Asset Management LLC

- Employee-owned, SEC-registered investment adviser, initially established in 1994.
- Manages approximately $5.5 billion in assets as of 06/30/2019.
- Oversees investments in mutual funds, separate accounts and alternative products.
- Investment decisions based on fundamental research, all of which is conducted in-house.
- Horizon Kinetics Asset Management is the Fund's adviser. Previously, Kinetics Asset Management was the Fund's adviser.

Portfolio Management Team

Murray Stahl
Chief Investment Officer
41 years of management experience
Co-Manager of Fund since inception (2008)

Matt Houk
Co-Portfolio Manager
14 years of management experience
Co-Manager of Fund since 2015

Class Information

Class	Ticker	Cusip	12b-1 fee
Adv. A	KMDAX	494613664	0.50%
Adv. C	KMDCX	494613656	1.00%
Inst.	KMDYX	494613649	-
No Load	KMDNX	494613672	-

Fund Characteristics

Total Net Assets	$36.6 million
Total Number of Positions*	31
Turnover Ratio	0%
Minimum Purchase	$2,500

*Calculated such that all securities issued by one issuer are counted as one position.

Portfolio Allocation

Fixed Income	87.7%
Other Investments	8.7%
Cash and Cash Equivalents	3.6%

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Multi-Disciplinary Income Fund Overview

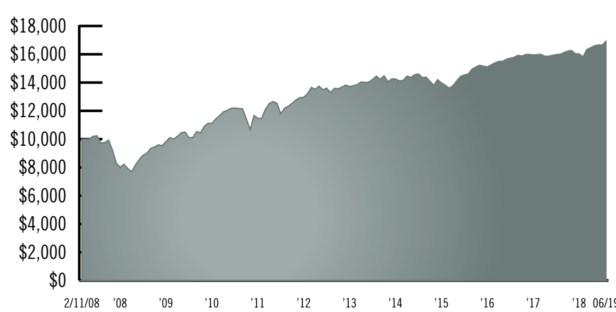
- Multi-strategy investment approach that opportunistically invests in income oriented securities and utilizes an equity option strategy which seeks to generate income and capital gains in excess of traditional fixed income indexes while assuming less interest rate risk or duration risk.
- Fixed income investments generally comprise limited duration securities, including investment grade and high yield bonds, and emphasize the avoidance of permanent capital losses.
- A selective equity option strategy supplements fixed income investments through the monetization of equity market volatility. The investment adviser aims to moderate incremental risks by selecting option strike prices that are below their underlying stock prices and by limiting option notional exposures.

Historical Total Return (No-Load Class) as of 06/30/19

	2008*	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	YTD'19
Fund (KMDNX)	-17.76%	22.90%	13.04%	0.24%	15.38%	4.28%	2.46%	-2.17%	10.41%	4.75%	-1.00%	6.94%
BB Barclays US Agg. Bond Index	4.08%	5.93%	6.54%	7.84%	4.21%	-2.02%	5.97%	0.55%	2.65%	3.54%	0.01%	6.11%
BB Barclays US HY Corp. Bond Index	-27.02%	58.21%	15.12%	4.98%	15.81%	7.44%	2.45%	-4.47%	17.13%	7.50%	-2.08%	9.94%

*Cumulative return from Fund's inception to year-end.

Growth of $10,000 Returns Since Inception $16,915



Statistics

	Fund	Barclays Agg.
Beta	0.34	1.00
Standard Deviation	4.31	2.94
Up Market Capture Ratio	0.79	-
Down Market Capture Ratio	0.45	-
Sharpe Ratio	0.53	0.70

Recent Fund Distributions**

	Fund
Jun-2019	$0.11
Mar-2019	$0.12
Dec-2018	$0.11
Sep-2018	$0.11

Fixed Income Overview

Fixed Income Statistics

Average Duration (years)	1.95
Average Maturity (years)	2.41

Top 10 Fixed Income Holdings (%) as of 06/30/19

PENSKE AUTOMOTIVE GRP INC	9.9%
BROOKFIELD RESIDENTIAL	8.9%
ASHLAND INC	8.6%
ICAHN ENTERPRISES	8.3%
LENNAR CORP	5.6%
LAMB WESTON HOLDINGS INC	5.5%
STOLT-NIELSEN LIMITED	5.4%
HOWARD HUGHES CORP	4.7%
MURPHY OIL CORP	3.3%
SIRIUS XM RADIO INC	2.9%

Kinetics **Multi-Disciplinary Income** Fund

2Q 2019

Performance (No-Load Class)

	3 Month	YTD	Annualized Returns as of 06/30/19 1YR	3YR	5YR	10YR	Since Inception	5 Year Standard Deviation
Multi-Disciplinary Income Fund (KMDNX)	1.88%	6.94%	5.72%	5.01%	3.19%	6.51%	4.73%	4.31%
BB Barclays US Agg. Bond Index	3.08%	6.11%	7.87%	2.31%	2.95%	3.90%	3.90%	2.94%
BB Barclays US HY Corp. Bond Index	2.50%	9.94%	7.48%	7.52%	4.70%	9.24%	7.96%	5.54%

The Multi-Disciplinary Income Fund No Load Class inception date is 2/11/08. 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. Call 1-800-930-3828 or visit us at www.kineticsfunds.com for the most recent fund month-end performance data. Current performance may be lower or higher than the performance data quoted. Performance data does not reflect the deduction of sales load or fee which, if reflected, 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 less than 30 days after you purchase them.

Expense Ratios by Share Class

	Adv. A	Adv. C	No Load	Inst.
Gross	2.54%	3.04%	2.29%	2.24%
Net	2.06%	2.56%	1.81%	1.61%

The Gross expense ratios listed are as of 12/31/2018 as reported in the 4/30/2019 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, 2020 and may be discontinued at any time by the Fund's adviser after May 1, 2020.

Definitions:

Beta: A statistic that measures the volatility of the fund, as compared to the overall market. The market's beta is set at 1.00; therefore 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. Beta has been calculated for the past five years. **Down Market Capture Ratio:** A statistical measure of an investment manager's overall performance in down-markets. The down-market capture ratio is used to evaluate how well or poorly an investment manager performed relative to an index during periods when that index has dropped. The down-market capture ratio has been calculated for the past five years. **Sharpe Ratio:** A statistical measure that uses standard deviation and excess return to determine reward per unit of risk. A higher Sharpe ratio implies a better historical risk-adjusted performance. The Sharpe ratio has been calculated for the past five years using the 3-month treasury bill for the risk-free rate of return. **Standard Deviation:** A statistical measure of portfolio risk used to measure variability of total return around an average, over a specified period of time. The greater the standard deviation over the period, the wider the variability or range of returns and hence, the greater the fund's volatility. The standard deviation has been calculated for the past five years. **Turnover Ratio:** A measure of how frequently assets within a fund are bought and sold by the managers represented over a one year period. **Up Market Capture Ratio:** A statistical measure of an investment manager's overall performance in up-markets. The up-market capture ratio is used to evaluate how well an investment manager performed relative to an index during periods when that index has risen. The up-market capture ratio has been calculated for the past five years.

**Distributions by the Fund are subject to change and may discontinue at any time without notice.

On April 30, 2015, the Fund changed its name from The Multi-Disciplinary Fund to The Multi-Disciplinary Income Fund.

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.

The Growth of $10,000 chart illustrates the performance of a hypothetical $10,000 investment made in No Load Class shares on commencement of operations (2/11/08). It assumes reinvestment of capital gains and dividends. This chart is not intended to imply any future performance.

Holdings are expressed as a percentage of total net investments and may vary over time. Holdings are subject to change, and may not be indicative of actual market position due to the use of call and put options.

The Top Sectors displayed represent a percentage of the net assets and excludes cash equivalents and other assets in excess of liabilities. For purposes of calculating the top percentage holdings of the fund, the top 10 equity and fixed income holdings are valued at their applicable market value. Fixed Income Statistics include details on instruments held directly by the Fund and do not include securities which may be held within a portfolio owned by the Fund.

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The Fund is classified as diversified; however, asset allocation/diversification does not guarantee a profit or eliminate risk of loss. 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 reporting standards. There may also be heightened risks investing in non-investment grade debt securities and the use of options. There are also risks associated with investing in small and medium sized companies. Non-investment grade debt securities, i.e., junk bonds, are subject to greater credit risk, price volatility and risk of loss than investment grade securities. Options contain special risks including the imperfect correlation between the value of the option and the value of the underlying asset. Unlike other investment companies that directly acquire and manage their own portfolios of securities, the Fund pursues its investment objective by investing all of its investable assets in a corresponding portfolio series of Kinetics Portfolios Trust.

The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency). The Bloomberg Barclays US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded. Both Bloomberg indices are trademarks of Bloomberg. An investor cannot invest directly in an index.

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Kinetics Mutual Funds, Inc.
We Do *Our* Research

The Kinetics **Paradigm** Fund

2Q 2019

Horizon Kinetics Asset Management LLC

- Employee-owned, SEC-registered investment adviser, initially established in 1994.
- Manages approximately $5.5 billion in assets as of 06/30/2019.
- Oversees investments in mutual funds, separate accounts and alternative products.
- Investment decisions based on fundamental research, all of which is conducted in-house.
- Horizon Kinetics Asset Management is the Fund's adviser. Previously, Kinetics Asset Management was the Fund's adviser.

Portfolio Managers

Murray Stahl
Chief Investment Officer
41 years of management experience
Co-Manager of Fund since inception (1999)

Peter Doyle
Senior Portfolio Manager
34 years of management experience
Co-Manager of fund since inception (1999)

Class Information

Class	Ticker	Cusip	12b-1 fee	Net	Gross
Adv. A	KNPAX	494613854	0.50%	1.89%	1.98%
Adv. C	KNPCX	494613821	1.00%	2.39%	2.48%
Inst.	KNPYX	494613797	-	1.44%	1.68%
No Load	WWNPX	494613607	-	1.64%	1.73%

Fund Characteristics

Total Net Assets	$831.3 million
Total Number of Positions*	51
Turnover Ratio	2%
Investment Style	Global Equity
Market Cap Focus	All Cap
Minimum Purchase	$2,500

*Calculated such that all securities issued by one issuer are counted as one position.

Portfolio Allocation

Common Stocks	84.0%
Cash and Cash Equivalents	16.0%
Preferred Stocks	0.0%
Other Investments	0.0%

Paradigm Fund Overview

- U.S. focused global all-cap fund comprised of investments in misunderstood or underappreciated companies whose businesses exhibit long product life cycles and have substantial barriers to entry.
- Proprietary in-house research sources original investment opportunities in companies for which investors fail to distinguish between permanent and transitory problems.
- The strategy seeks to capture long-term results commensurate with the returns of companies' underlying businesses, and has low turnover.

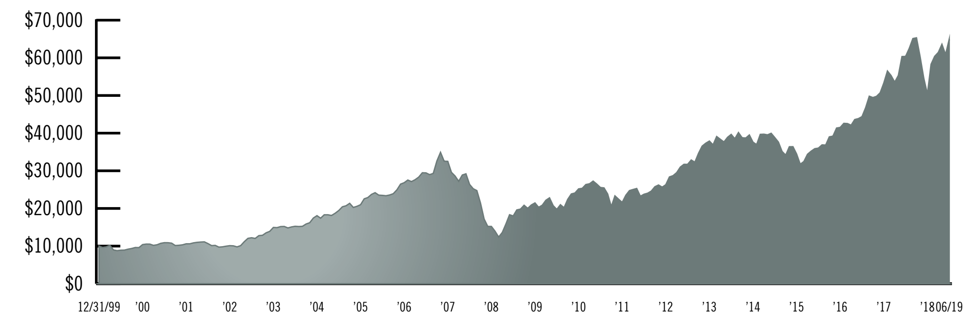
Performance (No-Load Class)

			Annualized Returns as of 06/30/19				
	3 Month	YTD	1YR	3YR	5YR	10YR	Since Inception
Fund (WWNPX)	5.67%	28.92%	7.53%	21.69%	10.35%	13.68%	10.07%
S&P 500 Index	4.30%	18.54%	10.42%	14.19%	10.71%	14.70%	5.65%
MSCI ACW Index	3.61%	16.23%	5.74%	11.62%	6.16%	10.15%	4.18%

The Paradigm Fund No Load Class inception date is 12/31/99. Figures include changes in principal value, reinvested dividends and capital gains distributions. 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. Call 1-800-930-3828 or visit us at www.kineticsfunds.com for the most recent month-end performance data. Current performance may be lower or higher than the performance data quoted. Performance data does not reflect the deduction of the sales load or fee which, if reflected, 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.

Growth of $10,000 Returns Since Inception

$64,920



Top 10 Holdings (%) as of 06/30/19

Texas Pacific Land Trust	38.9%
The Howard Hughes Corporation	7.4%
Icahn Enterprises LP	4.1%
Brookfield Asset Management, Inc. - Class A	4.0%
Grayscale Bitcoin Trust	3.7%
Live Nation Entertainment, Inc.	3.3%
Franco-Nevada Corporation	2.2%
Cboe Global Markets, Inc.	2.1%
Markel Corporation	1.9%
Liberty Media Corporation-Liberty SiriusXM - Class C	1.8%

Statistics

	Fund	S&P 500
Beta	0.94	1.00
Standard Deviation	17.35	14.65
Up Market Capture Ratio	1.11	-
Down Market Capture Ratio	0.87	-
Sharpe Ratio	0.48	0.27
Weighted Avg. Mkt. Cap. ($mil)	$10,579	$242,822
Median Market Cap. ($mil)	$8,646	$22,682
Price to Book	2.47	1.49
Price to Earnings	18.07	20.43
Return on Equity	5.39%	22.85%
Active Share	99.01%	-

The Kinetics **Paradigm** Fund

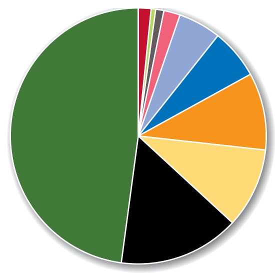
2Q 2019

Historical Total Return (No-Load Class) as of 06/30/19

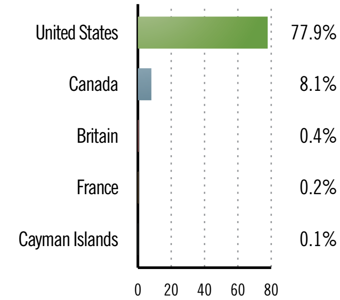
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fund (WWNPX)	4.00%	2.02%	-4.62%	47.77%	20.93%	16.11%	27.81%	21.14%	-53.17%	41.02%	17.37%	-14.27%	21.78%	44.07%	-0.79%	-8.33%	20.45%	28.41%	-5.55%
S&P 500 Index	-9.10%	-11.89%	-22.10%	28.68%	10.88%	4.91%	15.79%	5.49%	-37.00%	26.46%	15.06%	2.11%	16.00%	32.39%	13.69%	1.38%	11.96%	21.83%	-4.38%
MSCI ACW Index	-14.21%	-16.21%	-19.32%	33.99%	15.23%	10.84%	20.95%	11.66%	-42.20%	34.63%	12.67%	-7.35%	16.13%	22.80%	4.16%	-2.36%	7.86%	23.97%	-9.42%

Top 10 Sectors (%)

Mining, Quarrying, and Oil and Gas Extraction	41.7%
Finance and Insurance	13.3%
Information	8.8%
Real Estate and Rental and Leasing	8.5%
Management of Companies and Enterprises	5.5%
Arts, Entertainment, and Recreation	4.7%
Accommodation and Food Services	1.8%
Professional, Scientific, and Technical Services	0.9%
Manufacturing	0.5%
Retail Trade	0.4%



Top Countries (%)



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The Gross expense ratios listed are as of 12/31/2018 as reported in the 4/30/2019 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, 2020 and may be discontinued at any time by the Fund's adviser after May 1, 2020.

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.

The Growth of $10,000 chart illustrates the performance of a hypothetical $10,000 investment made in No Load Class shares commencement of operations (12/31/99). It assumes reinvestment of capital gains and dividends. This chart is not intended to imply any future performance.

Holdings are expressed as a percentage of total net investments and may vary over time. Equity holdings are subject to change, and may not be indicative of actual market position due to the use of call and put options.

The Top 10 Sectors and Top Countries displayed represent a percentage of the net assets and excludes cash equivalents and other assets in excess of liabilities.

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 or call 1-800-930-3828. You should read the prospectus carefully before you invest.

As a non-diversified fund, the value of its shares may fluctuate more than shares invested in a broader range of companies. Non-investment grade debt securities, ie., junk bonds, are subject to greater credit risk, price volatility and risk of loss than investment grade securities. Options contain special risks including the imperfect correlation between the value of the option and the value of the underlying asset. 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 reporting standards. There may also be heightened risks investing in non-investment grade debt securities and the use of options. There are also risks associated with investing in small and medium sized companies. Unlike other investment companies that directly acquire and manage their own portfolios of securities, the Fund pursues its investment objective by investing all of its investable assets in a corresponding portfolio series of Kinetics Portfolios Trust.

The Fund holds investments that provide exposure to bitcoin. The value of bitcoins is determined by the supply of and demand for bitcoins in the global market for the trading of bitcoins, which consists of transactions on electronic bitcoin exchanges ("Bitcoin Exchanges"). Pricing on Bitcoin Exchanges and other venues can be volatile and can adversely affect the value of the bitcoin. Currently, there is relatively small use of bitcoins in the retail and commercial marketplace in comparison to the relatively large use of bitcoins by speculators, thus contributing to price volatility that could adversely affect a portfolio's direct or indirect investments in bitcoin. Bitcoin transactions are irrevocable, and stolen or incorrectly transferred bitcoins may be irretrievable. As a result, any incorrectly executed bitcoin transactions could adversely affect the value of a portfolio's direct or indirect investment in bitcoin. Only investors who can appreciate the risks associated with an investment should invest in cryptocurrencies or products that offer cryptocurrency exposure. As with all investments, investors should consult with their investment, legal and tax professionals before investing, as you may lose money.

S&P 500 Index statistics chart data is based on the iShares S&P 500 Index Fund for market cap, price to book, price to earnings, return on equity, and active share. iShares is a product of BlackRock, Inc.

The MSCI ACWI (All Country World Index) Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The Standard & Poor's 500 Index represents an unmanaged, broad-based basket of stocks. It is typically used as a proxy for overall market performance. The S&P 500 Index returns assume that dividends are reinvested. An investor cannot invest directly in an index.

Distributor: Kinetics Funds Distributor LLC is not an affiliate of Kinetics Mutual Funds, Inc.

Kinetics Mutual Funds, Inc.
We Do *Our* Research

The Kinetics **Small Cap Opportunities** Fund

2Q 2019

Horizon Kinetics Asset Management LLC

- Employee-owned, SEC-registered investment adviser, initially established in 1994.
- Manages approximately $5.5 billion in assets as of 06/30/2019.
- Oversees investments in mutual funds, separate accounts and alternative products.
- Investment decisions based on fundamental research, all of which is conducted in-house.
- Horizon Kinetics Asset Management is the Fund's adviser. Previously, Kinetics Asset Management was the Fund's adviser.

Portfolio Managers

Murray Stahl
Chief Investment Officer
41 years of management experience
Co-Manager of Fund since inception (2000)

Peter Doyle
Senior Portfolio Manager
34 years of management experience
Co-Manager of Fund since inception (2000)

Matt Houk
Co-Portfolio Manager
14 years of management experience
Co-Manager of Fund since 2011

Class Information

Class	Ticker	Cusip	12b-1 fee	Net	Gross
Adv. A	KSOAX	494613839	0.50%	1.90%	2.00%
Adv. C	KSOCX	494613748	1.00%	2.40%	2.50%
Inst.	KSCYX	494613813	-	1.45%	1.70%
No Load	KSCOX	494613706	-	1.65%	1.75%

Fund Characteristics

Total Net Assets	$313.2 million
Total Number of Positions*	34
Turnover Ratio	6%
Investment Style	Global Equity
Market Cap Focus	Small Cap
Minimum Purchase	$2,500

*Calculated such that all securities issued by one issuer are counted as one position.

Portfolio Allocation

Common Stocks	68.7%
Cash and Cash Equivalents	30.7%
Preferred Stocks	0.4%
Other Investments	0.2%

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Small Cap Opportunities Fund Overview

- U.S. focused global small-cap fund seeking to invest in fundamentally undervalued companies with market capitalizations at or below the highest market capitalization of a component security within the S&P SmallCap 600 Index.
- Investments are concentrated in companies that have a small capitalization with the potential to expand to higher valuations either through revaluation, growth or a combination thereof.
- Fund targets companies with substantial barriers to entry, long product life cycles and sound capital structures; on occasion companies may be less mature companies and in the process of developing a superior product or market niche.

Performance (No-Load Class)

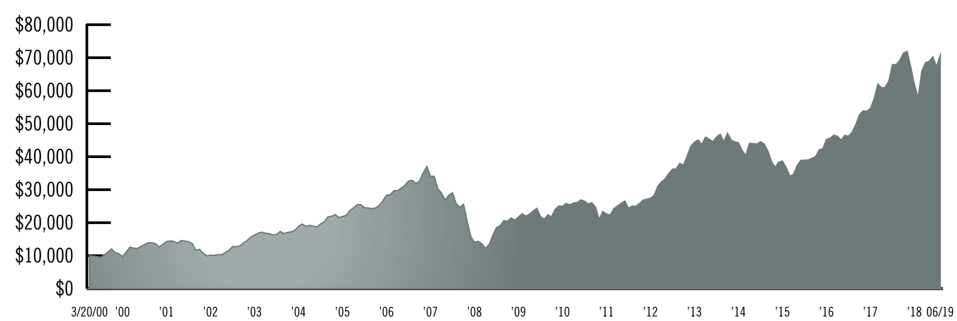
Annualized Returns as of 06/30/19

	3 Month	YTD	1YR	3YR	5YR	10YR	Since Inception
Fund (KSCOX)	2.54%	22.37%	4.09%	21.91%	8.59%	13.98%	10.67%
S&P 500 Index	4.30%	18.54%	10.42%	14.19%	10.71%	14.70%	5.75%
S&P SmallCap 600 Index	1.87%	13.69%	-4.88%	11.97%	8.41%	14.99%	9.35%

The Small Cap Opportunities Fund No Load Class inception date is 3/20/00. Figures include changes in principal value, reinvested dividends and capital gains distributions. 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. Call 1-800-930-3828 or visit us at www.kineticsfunds.com for the most recent month-end performance data. Current performance may be lower or higher than the performance data quoted. Performance data does not reflect the deduction of sales load or fee which, if reflected, 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.

Growth of $10,000 Returns Since Inception

$70,651



Top 10 Holdings (%) as of 06/30/19

Texas Pacific Land Trust	30.0%
Icahn Enterprises LP	7.1%
Dream Unlimited Corporation - Class A	3.9%
The Howard Hughes Corporation	3.8%
Live Nation Entertainment, Inc.	3.5%
CACI International, Inc. - Class A	3.3%
The Wendy's Company	2.3%
Associated Capital Group, Inc. - Class A	2.0%
Partners Value Investments LP	2.0%
Civeo Corporation	1.8%

Statistics

Statistics	Fund	S&P 600
Beta	0.85	1.00
Standard Deviation	19.49	18.50
Up Market Capture Ratio	0.86	-
Down Market Capture Ratio	0.71	-
Sharpe Ratio	0.47	0.42
Weighted Avg. Mkt. Cap. ($mil)	$6,094	$1,908
Median Market Cap. ($mil)	$2,299	$1,127
Price to Book	1.66	1.84
Price to Earnings	15.54	18.72
Return on Equity	7.08%	9.76%
Active Share	99.49%	-

The Kinetics **Small Cap Opportunities** Fund

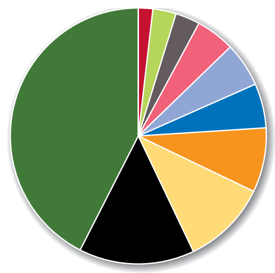
2Q 2019

Historical Total Return (No-Load Class) as of 06/30/19

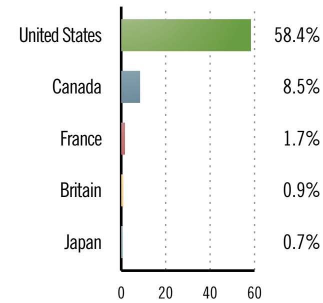
	2000*	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fund (KSCOX)	11.00%	30.63%	-30.28%	66.51%	16.40%	13.17%	28.37%	19.65%	-57.88%	58.16%	13.86%	-13.65%	26.74%	59.40%	-7.28%	-12.26%	24.39%	26.23%	0.29%
S&P SmallCap 600 Index	4.27%	6.54%	-14.63%	38.79%	22.65%	7.68%	15.12%	-0.30%	-31.07%	25.57%	26.31%	1.02%	16.33%	41.31%	5.76%	-1.97%	26.56%	13.23%	-8.48%
S&P 500 Index	-8.57%	-11.89%	-22.10%	28.68%	10.88%	4.91%	15.79%	5.49%	-37.00%	26.46%	15.06%	2.11%	16.00%	32.39%	13.69%	1.38%	11.96%	21.83%	-4.38%

Top 10 Sectors (%)

Mining, Quarrying, and Oil and Gas Extraction	30.3%
Management of Companies and Enterprises	10.4%
Real Estate and Rental and Leasing	7.7%
Finance and Insurance	5.8%
Accommodation and Food Services	4.0%
Professional, Scientific, and Technical Services	4.0%
Arts, Entertainment, and Recreation	3.5%
Manufacturing	2.2%
Transportation and Warehousing	2.1%
Wholesale Trade	0.3%



Top Countries (%)



Definitions:

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*Cumulative return from Fund's inception to year end.

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The Top 10 Sectors and Top Countries displayed represent a percentage of the net assets and excludes cash equivalents and other assets in excess of liabilities.

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S&P SmallCap 600 Index statistics chart data is based on the iShares Core S&P Small-Cap ETF for market cap, price to book, price to earnings, return on equity, and active share. iShares is a product of BlackRock, Inc.

The S&P SmallCap 600 Index represents an unmanaged, broad-based basket of small-cap stocks in the U.S equity market. The S&P SmallCap 600 returns assume that dividends are reinvested. The Standard & Poor's 500 Index represents an unmanaged, broad-based basket of stocks. It is typically used as a proxy for overall market performance. The S&P 500 Index returns assume that dividends are reinvested. An investor cannot invest directly in an index.

Distributor: Kinetics Funds Distributor LLC is not an affiliate of Kinetics Mutual Funds, Inc.

Kinetics Mutual Funds, Inc.
We Do *Our* Research

The Kinetics **Spin-off and Corporate Restructuring** Fund

2Q 2019

Horizon Kinetics Asset Management LLC

- Employee-owned, SEC-registered investment adviser, initially established in 1994.
- Manages approximately $5.5 billion in assets as of 06/30/2019.
- Oversees investments in mutual funds, separate accounts and alternative products.
- Investment decisions based on fundamental research, all of which is conducted in-house.
- Horizon Kinetics Asset Management is the Fund's adviser. Previously, Kinetics Asset Management was the Fund's adviser.

Portfolio Managers

Murray Stahl
Chief Investment Officer
41 years of management experience
Co-Manager of Fund since inception (2007)

Steven Bregman
President
34 years of management experience
Co-Manager of fund since inception (2007)

Class Information

Class	Ticker	Cusip	12b-1 fee	Net	Gross
Adv. A	LSHAX	494613557	0.25%	1.61%	2.17%
Adv. C	LSHCX	494613540	0.75%	2.36%	2.67%
Inst.	LSHUX	494613532	-	1.36%	1.87%
No Load	LSHEX	494613524	-	1.56%	1.92%

Fund Characteristics

Total Net Assets	$22.2 million
Total Number of Positions*	36
Turnover Ratio	7%
Investment Style	Global Equity
Market Cap Focus	All Cap
Minimum Purchase	$2,500

*Calculated such that all securities issued by one issuer are counted as one position.

Portfolio Allocation

Common Stocks	96.3%
Cash and Cash Equivalents	3.7%

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Spin-off and Corporate Restructuring Fund Overview

- U.S. focused global all-cap fund comprised of investments in:
  - Spin-off companies and parent companies of spin-offs.
  - Subsidiary companies resulting from an equity "carve out" or "partial initial public offering" where a parent company sells equity of such subsidiary.
  - Companies subject to a corporate restructuring, or public shareholder activist holding companies which cause other companies to undergo a spin-off or corporate restructuring.
- Return potential is often the result of the market's inefficiency in initially valuing these securities, due in part to the lack of coverage by the investment community, lack of a natural shareholder base immediately following the transaction, and resulting initial, indiscriminate selling pressure.

Performance (Institutional Class)*

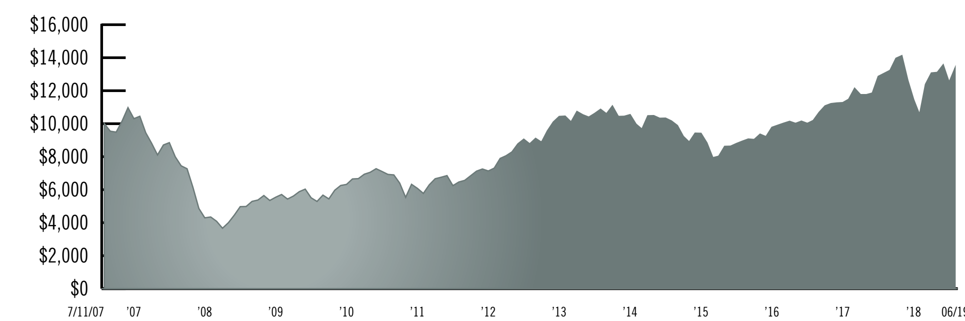
Annualized Returns as of 06/30/19

	3 Month	YTD	1YR	3YR	5YR	10YR	Since Inception
Fund (LSHUX)	1.98%	26.71%	2.43%	14.35%	4.22%	10.37%	2.45%
S&P 500 Index	4.30%	18.54%	10.42%	14.19%	10.71%	14.70%	7.95%

The Spin-off and Corporate Restructuring Fund Institutional Class inception date is 7/11/07. Figures include changes in principal value, reinvested dividends and capital gains distributions. 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. Call 1-800-930-3828 or visit us at www.kineticsfunds.com for the most recent month-end performance data. Current performance may be lower or higher than the performance data quoted. Performance data does not reflect the deduction of the sales load or fee which, if reflected, 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.

Growth of $10,000 Returns Since Inception

$13,367



Top 10 Holdings (%) as of 06/30/19

Texas Pacific Land Trust	38.1%
The Howard Hughes Corporation	5.9%
PayPal Holdings, Inc.	5.7%
Associated Capital Group, Inc. - Class A	5.7%
Dream Unlimited Corp. - Class A	5.1%
CSW Industrials, Inc.	4.6%
Graham Holdings Company - Class B	4.0%
Cable One, Inc.	4.0%
General Electric Company	3.6%
Welbilt, Inc.	2.3%

Statistics

Statistics	Fund	S&P 500
Beta	1.20	1.00
Standard Deviation	20.31	15.05
Up Market Capture Ratio	1.06	-
Down Market Capture Ratio	1.37	-
Sharpe Ratio	0.11	0.51
Weighted Avg. Mkt. Cap. ($mil)	$15,702	$242,822
Median Market Cap. ($mil)	$1,641	$22,682
Price to Book	1.29	1.49
Price to Earnings	22.76	20.43
Return on Equity	5.12%	22.85%
Active Share	98.99%	-

The Kinetics **Spin-off and Corporate Restructuring** Fund

2Q 2019

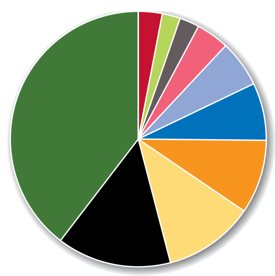
Historical Total Return (Institutional Class)* as of 06/30/19

	2007†	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fund (LSHUX)	4.51%	-58.40%	31.35%	16.49%	-13.17%	26.54%	43.07%	-4.65%	-11.37%	12.08%	15.90%	-8.11%
S&P 500 Index	-2.43%	-37.00%	26.46%	15.06%	2.11%	16.00%	32.39%	13.69%	1.38%	11.96%	21.83%	-4.38%

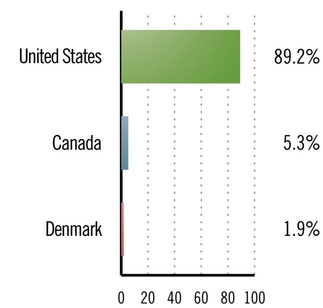
†Cumulative return from Fund's inception to year-end.

Top 10 Sectors (%)

Mining, Quarrying, and Oil and Gas Extraction	38.1%
Manufacturing	13.9%
Real Estate and Rental and Leasing	11.0%
Information	9.0%
Management of Companies and Enterprises	7.0%
Admin. and Spprt. and Wst. Mgmt. and Rem. Srvcs.	5.7%
Educational Services	4.0%
Finance and Insurance	2.4%
Accommodation and Food Services	2.2%
Transportation and Warehousing	1.9%



Top Countries (%)



Definitions:

Active share: 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 iShares S&P 500 ETF. **Beta:**A statistic that measures the volatility of the fund, as compared to the overall market. The market's beta is set at 1.00; therefore 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. **Down Market Capture Ratio:** A statistical measure of an investment manager's overall performance in down-markets. The down-market capture ratio is used to evaluate how well or poorly an investment manager performed relative to an index during periods when that index has dropped. The down-market capture ratio has been calculated since inception. **Median Market Capitalization:** The median market capitalization (value of outstanding shares) of a basket of stocks. **Price to Book Ratio:** The harmonic weighted average of the price/book (P/B) ratios of the equity securities referenced. The ratio calculated by dividing the current price of the stock by the company's book value per share (assets minus liabilities). **Price to Earnings Ratio:** The harmonic weighted average of the price/earnings (P/E) ratios of the equity securities referenced. The P/E ratio is calculated by dividing the current price of the stock by the trailing one year earnings. **Return on Equity:** The amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested. **Sharpe Ratio:**A statistical measure that uses standard deviation and excess return to determine reward per unit of risk. A higher Sharpe ratio implies a better historical risk-adjusted performance. The Sharpe ratio has been calculated since inception using the 3-month treasury bill for the risk-free rate of return.**Standard Deviation:** A statistical measure of portfolio risk used to measure variability of total return around an average, over a specified period of time. The greater the standard deviation over the period, the wider the variability or range of returns and hence, the greater the fund's volatility. The standard deviation has been calculated since inception. **Turnover Ratio:** A measure of how frequently assets within a fund are bought and sold by the managers represented over a one year period. **Up Market Capture Ratio:** A statistical measure of an investment manager's overall performance in up-markets. The up-market capture ratio is used to evaluate how well an investment manager performed relative to an index during periods when that index has risen. The up-market capture ratio has been calculated since inception. **Weighted Avg. Mkt. Cap:** The mean market capitalization (value of outstanding shares) of a basket of stocks, taking into account the relative weight of each investment.

The Gross expense ratios listed are as of 12/31/2018 as reported in the 4/30/2019 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, 2020 and may be discontinued at any time by the Fund's adviser after May 1, 2020.

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.

The Growth of $10,000 chart illustrates the performance of a hypothetical $10,000 investment made in the Fund's Institutional Share Class commencement of operations (7/11/2007). It assumes reinvestment of capital gains and dividends. This chart is not intended to imply any future performance.

Holdings are expressed as a percentage of total net investments and may vary over time. Equity holdings are subject to change, and may not be indicative of actual market position due to the use of call and put options.

The Top 10 Industries and Top Countries displayed represent a percentage of the net assets and excludes cash equivalents and other assets in excess of liabilities.

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 or call 1-800-930-3828. You should read the prospectus carefully before you invest.

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.

S&P 500 Index statistics chart data is based on the iShares S&P 500 Index Fund for market cap, price to book, price to earnings, return on equity, and active share. iShares is a product of BlackRock, Inc.

The Standard & Poor's 500 Index represents an unmanaged, broad-based basket of stocks. It is typically used as a proxy for overall market performance. The S&P 500 Index returns assume that dividends are reinvested. An investor cannot invest directly in an index.

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