# Kinetics Mutual Funds

## Third Quarter 2019 - Conference Call with Peter Doyle

## October 8, 2019

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### Important Risk Disclosures:

Horizon Kinetics Asset Management LLC ("HKAM") is pleased to announce that on October 8, 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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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.

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*Index Descriptions & Definitions*:
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:** Good morning, welcome, and thank you for your time today for the third quarter update webinar. Today we have Peter Doyle, the Founder and President of Kinetics Funds, and portfolio manager James Davolos. James will drill down into our growing emphasis on hard assets, where we can find the best value, and Peter will have market comments, and then we can take your questions. Please note that we are recording. There will be a replay available as well as a transcript. Also, we will make the slides available. Please reach out to Bob, or Jim, or Mark, or Brandon, or your HRC representative if you'd like to receive them, or you can go to www.kineticsfunds.com in about a week or so and you'll be able to see the transcript there. Fact sheets for the third quarter should be available in about two weeks. Again, they can be found on the Kinetics Funds website. Also, if you'd like to go to www.horizonkinetics.com you'll see new research updates, podcasts, and strategy updates. And at this point I'll turn it over to Peter.

**Peter Doyle:** Thank you, Chris, and good morning. First, I'm going to start off discussing the two main building blocks of a client's portfolio. The first is fixed income, by far the most dominant and largest asset class. There's something like $244 trillion worth of fixed income globally. It's obviously a very big part of people's wealth development and of their portfolios. So, one of the issues right now is that globally interest rates are very low, and— as an example of how low rates are, there's something like $15 trillion of debt with negative interest rates. It's not that people go out and basically pay money for governments to hold but it's where the bonds are priced today. And, really, we've never seen anything like that, and it has real implications for the expected returns people can hope to get from that asset class. Just as an example, in Switzerland, if interest rates were to move up just 2%, that would cause a 50% decline in their long-end bonds. That's a massive decline in somebody's wealth if that were to occur, and that's not a big movement. Right now, we don't have any insight if that's going to happen or not but as an asset class you'd have to be pretty reckless to not be paying attention to the present state of that type of investment. And money still goes into those assets and it goes in through passive strategies, and the same thing is happening in the equity market. It's really not individuals making that decision, it's money coming in from clients, which is being allocated to these products, which have been developed by the ETF provider, who buys these bonds, with no attention being paid to the valuation. So, if you're a fairly wealthy individual and you've earned over the course of your lifetime and you've saved up $10 million, today the 10-year treasuries are at about 1.56%. That's $156,000 of income a year. That's pretax. After tax, that's something less than $100,000. That's really not a lot of interest on a significant amount of capital. If you scale that down to a million dollars, that's $15,600. Most baby boomers in this country don't have a million dollars saved up. Hence, you can see that low interest rates have real impact, which basically encourages borrowing and more aggressive behavior. I'll just provide a prelude to what James is going to be discussing on the slides, as to where we have our attention focused and where we think we can get returns in this type of environment. Moving on to equities, you have basically equity market capitalization, right now in the United States, of roughly $30 trillion. That's an equity to GDP ratio of about 139%. The only other time historically that has exceeded that level was in 2000, with the tech bubble, and you know what happened as a result of that. So, just to put things in perspective, a market capitalization to GDP that's undervalued might be something less than 50%, fair value is somewhere between 75% and 100%, overvalued is greater than 115%, and you can see that at 139%, it's significantly overvalued. If you look at the Shiller P/E, which takes into account cyclical earnings over a ten-year cycle, that P/E multiple right now is 29.6x. The historical mean is something like 17x. If you're looking just at straight P/E multiples, we're talking about a 22x P/E multiple and an historical mean of about 16 times earnings. Thus, any way you look at it, most asset classes, most securities are very overpriced, and it's hard to see how you're going to make a significant rate of return. And if you're looking at equities, since the end of 2016, equities have done quite well. They're up approximately 40%. Most of that could be attributed to the earnings growth over that period of time. The earnings growth rate from the end of 2016 through today has been up about 40%, and share prices have mirrored that. We're not likely to see that type of earnings growth going into the future. You've basically taken a lot of the future returns and frontloaded them. And it's hard to see how you're going to get a meaningful rate of return in the broad basket of equities, and particularly the most liquid ones, where the ETF flows have created the biggest price dislocation, in our opinion, and have the most risk. Now, can this go on for a long period of time? Absolutely. And we're of the belief, although we have no crystal ball, that central banks around the world are really now being forced into a position of having to keep interest rates very low, and are doing everything they can to drive short-term interest rates down and, hence, long-term interest rates down. This is a lot to be leery about, a lot to be concerned about, and you need to be off the beaten path. So, if you look at it from the fallout of the financial crisis through today, a lot of commodities, a lot of hard assets have basically been disrupted. And that's where we're seeing much of the opportunity. And with that, I'm going to stop there and turn it over to James to run through the slides and where we see the opportunity.

**James Davolos:** Thanks, Peter. I'll start off with a pretty basic matrix here where we plot GDP expectations and then inflation-deflation expectations and show how investors are broadly allocated.

## Market Observations

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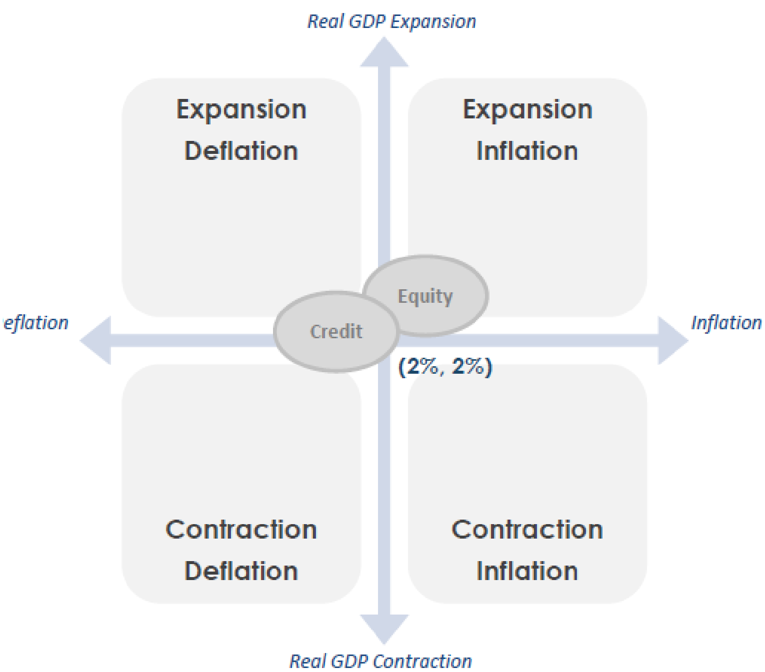
### Concentrated Market Allocations




Most investors are "allocated" tactically to asset classes that are dependent upon the continuation of the status quo: moderate growth, low interest rates, moderate inflation.

Return drivers are concentrated across asset classes due to the low absolute bond yields and low absolute equity risk premia.

*Chart for illustrative purposes only. The illustration above represents the quadrants of real GDP growth and inflation. Values can vary over interim periods.* 3



You'll notice the tight bunching of equity and credit over the last ten years, where you've seen more or less 2% real GDP expansion along with about 2% inflation. I'll caveat that the inflation number reflects how the government measures CPI and PCE, which might not reconcile with your cost of living but, regardless, this is how the world is structured today. But the main takeaway is that, historically, a diversified portfolio—and for simplicity here we'll assume that there are only two asset classes, equity and credit; on further slides we'll delve a little bit further into more alternative asset classes—but in a typical environment, you can offset any type of equity volatility with credit. So, in a slowing economy and with declining rates, you might do better with your credit, and vice versa in your equity portfolio, where in a more normal environment I'd say that you could probably move both of those circles slightly further up and to the right. However, today, we would argue that virtually everybody's portfolio is very, very tightly clustered regardless of your exposure to equity. And, within the equity spectrum, you can go all the way out from equity growth down to more conservative equity dividend income. And then for credit, today, a lot of duration is dictating your risk profile as opposed to credit risk, at least how spreads are priced. But everything is very, very tightly clustered around the current status quo of 2% growth, 2% inflation, and obviously this is highly correlated to extremely low absolute interest rates. Hence, the market's pricing in  a perpetual continuation of this to justify real yields that are below real cost of living increases. A lot of people might argue that an equity risk premium based off of a 2% risk-free rate looks attractive, but does a 2-3% equity risk premium relative to a 2% risk-free rate really achieve your objectives when taking incremental risk? And I think for the vast majority of investors, the answer to that is no. So, here we've broadened a little bit into that matrix, and where you might have seen allocations going—again, the center point here is 2% growth, 2% inflation.

## Market Observations

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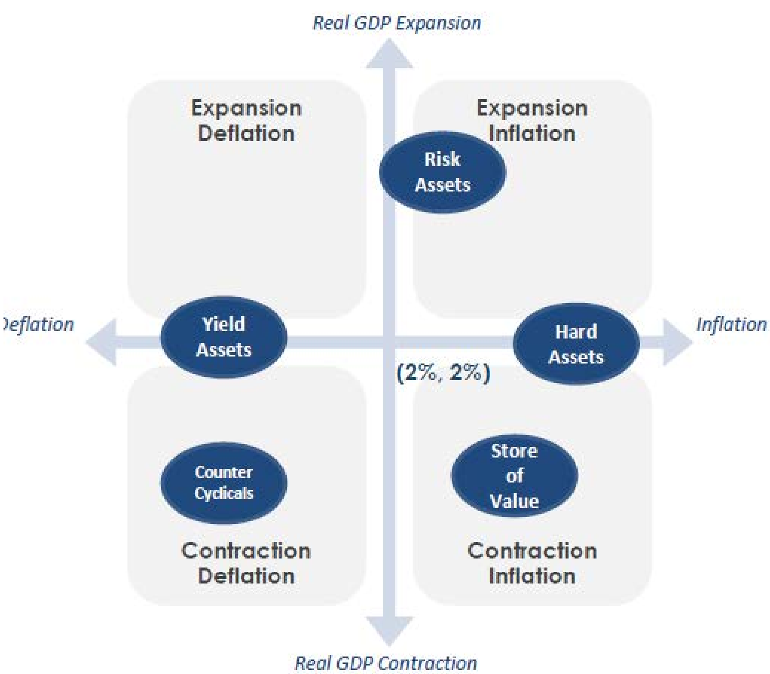
### Broadening the Scope

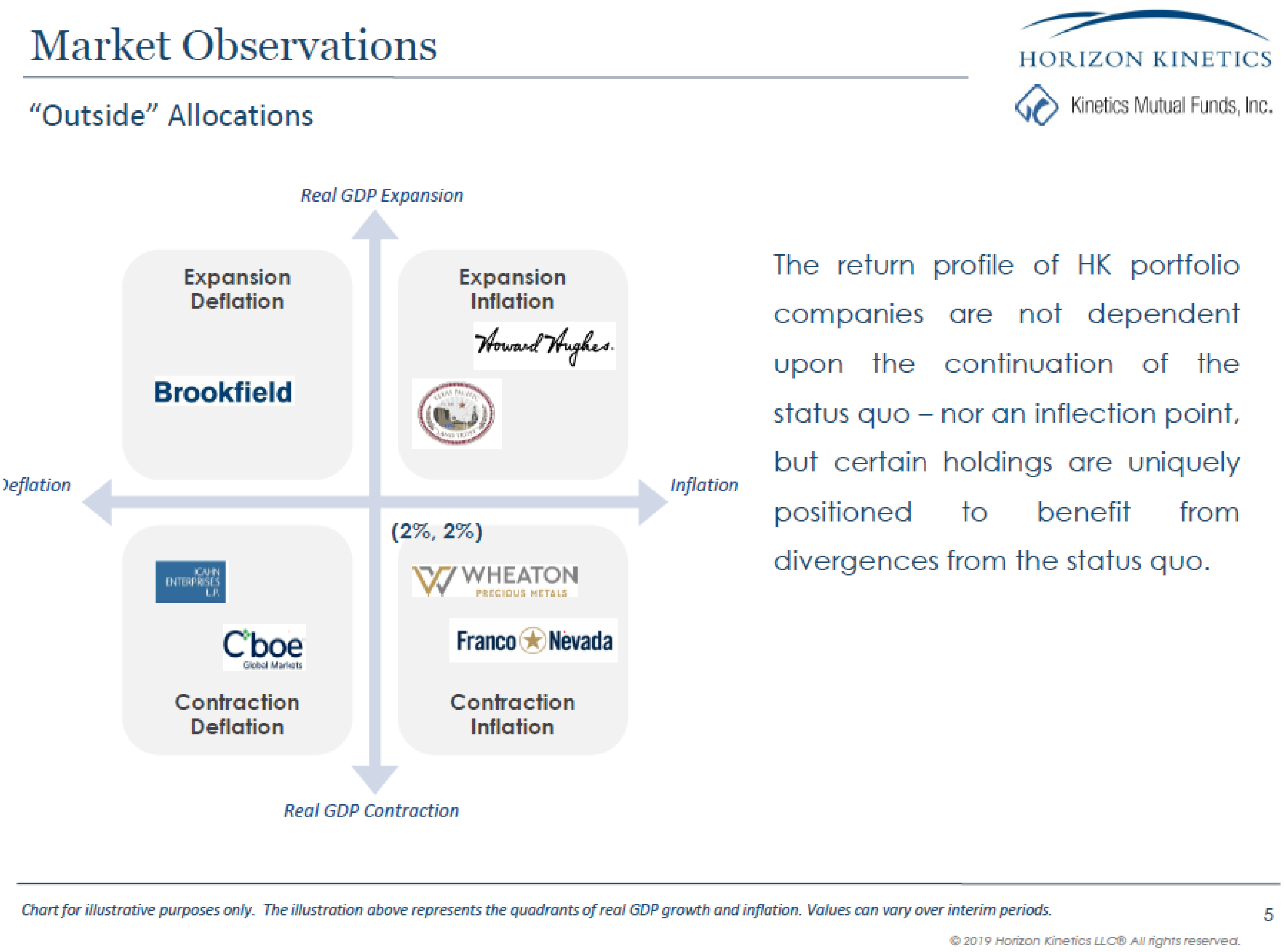



Conventional allocations (large capitalization equity indexes, dividend equity strategies, preferred stock/long duration fixed income) have high sensitivity to minor changes in the growth/inflation matrix.

*Chart for illustrative purposes only. The illustration above represents the quadrants of real GDP growth and inflation. Values can vary over interim periods.* 4



Obviously, as you increase your expectations of expansion, your allocations to risk assets would also enhance. And you notice that expansion is not further to the right, because as inflation increases, a lot of the input cost to risk assets would probably hurt equity values and hurt risk asset prices. So, you've seen right now that the S&P 500 has the highest operating margins in its history and a big part of that is technology, and efficiencies, and cost cutting. But if there is real inflation, that would either flow through into SG&A or costs of goods sold; a more academic approach would show you that in highly inflationary environments, equity as an asset class is not always the best place to be. So, we can go to an extreme on the other side where yield—today, obviously we have that pretty far left behind because, again, to take a negative real rate of return in various yield assets, you have to expect zero or even negative inflation to price these assets where they're priced today. In a typical recession you'd probably look to counter-cyclicals, but today, what is a counter-cyclical? It's not your utility stocks and your consumer staples that are bid up to growth multiples. So, there is nowhere to hide in that sense. Moving over to the right, a stagflation, a moderate or negative growth, yet, still with price inflation you'd obviously want to store value. Here, we put hard assets pretty far off to the right, an inflationary environment but if we wanted to, we could expand that scope where hard assets can really perform well almost in any of these quadrants if they're priced appropriately. So, today, given where the pricing of a lot of these hard assets are, we believe that they can not only maintain and uphold value in destabilizing contractionary environments but also maintain value in various types of expansionary debasement environments.




So, on the next slide we'll quickly just go through how some of the portfolio companies in our portfolios—and before we go into these, I think it's really important to differentiate that the return profiles of these companies are not dependent upon the continuation of the status quo. And I want to highlight that because I believe that to continue to do well in beta equity indices and beta in terms of credit indices, whether you're further out or further in on the risk spectrum, they are very contingent upon the continuation of the status quo in order to make your expected rate of return. However, we think these companies are not dependent on that, but they're also not dependent upon an inflection point. So, we're not making this outsized bet based on a disruption to the status quo. We just believe that these assets have been under-earning and are underutilized, and the companies are not appropriately priced given the optionality that they reflect. Just quickly starting—Brookfield Asset Management ("Brookfield") might not sound like something that could do well in an expansion where there is a deflationary pricing environment; however, the vast majority of this business is real assets. And a lot of these real assets should maintain their values. They do have a yield component. So, as opposed to many of the alternative asset management peers that are focused solely on private credit markets, listed credit, and then highly levered LBO types of returns, Brookfield focuses on real assets that have real cash yields. Obviously, would it hurt some of their incentive fees and some of the flow-through economics of the asset manager? Yes. But I think that longer term full cycle, Brookfield should actually be a winner. Contractionary and deflationary, Icahn Enterprises today probably has around a 12% yield. Carl Icahn has sold off a lot of the businesses in the operating portfolio, so he's raised a ton of liquidity and a ton of cash. And I'm sure many of you have seen the headlines where he's relocated personally, as well as his business, to Florida, because he's fed up with the taxes relative to the value-add of being in New York City. But he's also sitting on, I think, about a 30% net short exposure in his hedge fund. Hence, Icahn provides a lot of optionality over the full cycle. As to CBOE, more vol helps their options business, and also helps their VIX business. It's kind of a classic countercyclical. Moving over to contractionary inflation, I think these two companies have shown many times that they can thrive full cycle. We'll go into a little bit more on this. But these are both precious metals-oriented royalty companies—they're a financing mechanism for primarily gold and silver mines but also the platinum metals group, and to a lesser extent, energy companies where capital markets are shut off to these mines, and these leaders provide royalty financing through the full cycle. And if you look at the NAV growth, obviously, the share price appreciation is very attractive, but it's more the NAV growth that really shows how these assets can really thrive. Finally, going into an expansionary inflation scenario, Howard Hughes Corp. has a world class gateway city portfolio of real estate that's vastly undervalued, notwithstanding the strategic review which the company has recently announced. Then, Texas Pacific Land Trust ("TPL")—in any type of inflationary environment with economic expansion, having this amount of hard assets and underutilized assets is largely to your benefit. Thus,, you can see how a lot of these companies can really benefit from a divergence from that midpoint on the chart but, again, we believe that all of these companies will hit a rate of return that's commensurate with equity risk even in some sort of hodgepodge that's more tightly bound around that midpoint.

## Market Observations

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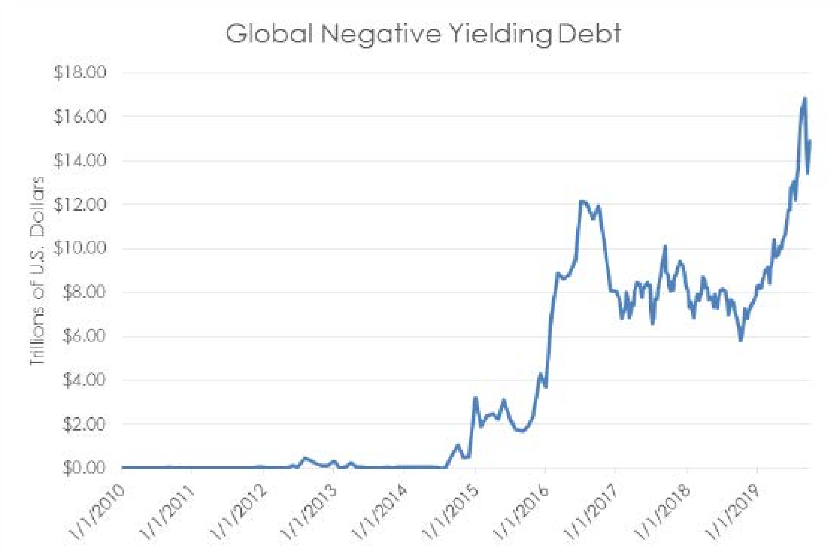
### Interest Rate Component




With over $14 trillion in global negative yielding debt currently outstanding, the ability of global governments to adjust rates higher appears severely limited.

*Source: Bloomberg Barclays Aggregate – Global Negative Yielding Debt Index*

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This develops a little bit more on what Peter was talking about in terms of global credit markets. Everybody's probably fairly familiar with the Barclays Aggregate. Bloomberg is now one of the sponsors. But within the Bloomberg-Barclays Global Aggregate Bond Index, it basically quantifies the face value of global debt that is negative yielding. This is primarily sovereign debt worldwide, and today it stands at around $15 trillion. You can see in late 2012, early 2013, that's when Germany and Denmark first started having some of their short-term notes go into negative territory. But then in '15, when you had the new easing regime where Japan, the ECB bonds and Swiss bonds all went negative. And then through to today, where it's really gone— I don't think there's another word for it other than out of control with, literally, as it stands today, close to $16 trillion of global debt with negative absolute returns. And there are structural issues for that where some people are forced buyers, some institutions are forced buyers, but I feel that this number is really incredible. Also, if you take that number, $15-16 trillion, relative to the U.S. economy, you're talking 75% of annual U.S. GDP output, give or take, allocated into negative real returning assets today. So, we'll revisit this a little bit later but one of the things is—obviously, in any discussion about inflation rates and growth rates, interest rates are a large component. But clearly given where this stands today and given global policy, we don't see much of a big shift causing rates to rise in the foreseeable future. And it is fairly highly probable that if things deteriorate on a geopolitical or macroeconomic front, you might revisit a zero interest or lower bond in many of these markets.

## Market Observations

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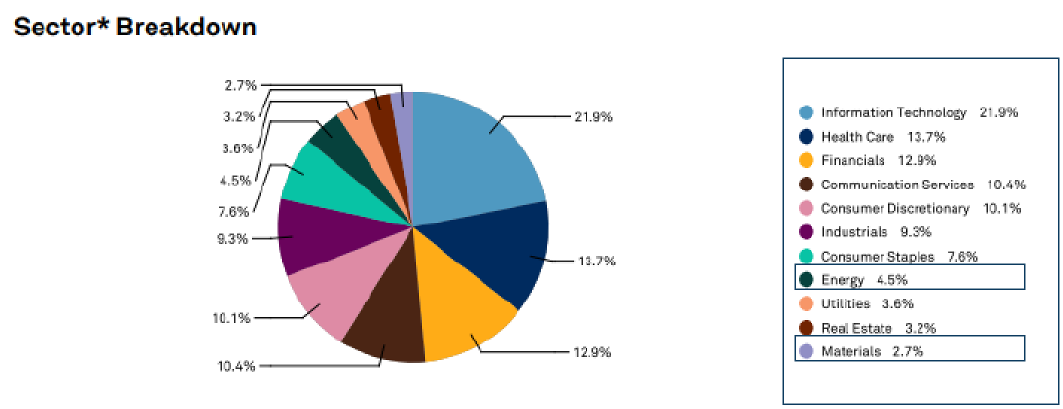
### Hard Assets: Declining Index Representation




*Based on GICS® sectors
The weightings for each sector of the index are rounded to the nearest tenth of a percent; therefore, the aggregate weights for the index may not equal 100%.

*Energy and Materials, specifically precious metals, are now at their lowest exposures on record within the S&P 500 Index.*

Source: https://us.spindices.com/indices/equity/sp-500
As of August 31, 2019

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So, moving into hard assets, I think one thing that we have talked a lot about over the years is how influential indices and index fund flows are. This is from the S&P 500 Factsheet for August. It's actually significantly lower as it stands today, but you'll see energy's only 4.5% of the index and materials are less than 3%. The last time that either of these were anywhere near this low was in early 2000, at the tech bubble peak; at that time, the NASDAQ had already rolled over, but the S&P 500 hadn't quite turned yet. But it really just shows you that the incremental passive dollar is completely ignoring these types of assets, as are a lot of the active managers who are large cap oriented. And there's a subtle influence that's going on there where a lot of the so-called defined liability investors have a hurdle rate of return in order to balance their budgets, and there are actuaries and all types of people involved. But let's use the State of

Illinois, for example, where I believe the discount rate, meaning their expected rate of return on their portfolio, is around 7% or 7.5%, and there are similar institutions across the world. And an actuary is going to look at how realistic that return assumption is. And the more and more you're allocated a fixed income yielding 1.5% to 2.5%, depending upon whether you are investment grade, short-term, or long-term, you need a lot of work from the equity portfolio, and it's really tough to get people to sign off on that. Hence, you're seeing incremental risk-taking in equity. From an academic standpoint, which is the basis for many of these institutions' risk models, and to which we take strong exception, the number one variable that they're concerned with—if you're going from U.S. Treasuries, the largest, most liquid, "safest asset in the world," you have to go into the largest and most liquid pool of equity. So, what is that? That's the S&P 500 and that's, by and large, the SPY or IVV ETFs. These ETFs actually have far more liquidity than the underlying constituents. But if you understand the risk models that these people are using to determine their ability to pivot out of fixed income and into equity to get that incremental return, liquidity is one of the number one drivers of that model, so they're going into passive, ultra-mega-capitalization indices.

Moving on to the next slide, I think that this has also had very large fundamental repercussions in the real economy. So, we're starting to see fund flows actually dictating things that are happening the real world. The chart on the left is a plot of North American independent energy companies' capital expenditures going back to 2010. These are generally lower 48-focused operators, companies— some Permian-focused companies like Diamondback, Pioneer, and EOG Resources, and then some more diversified. You can get into Occidental, ConocoPhillips, and some of these companies. But, by and large, these are very heavily dependent on their lower 48 production. You've seen a large step function in energy prices declining, but you've seen basically over a 50% decline from peak CapEx in 2014 through today. So, long story short, these companies are not replacing their reserves. And, historically, a kind of back-of-the-envelope heuristic for evaluating an energy company is investors would say that you don't produce as much oil as you want but you need to then replace all of your reserves in exploration every year. Well, these companies are just not doing that today, and it's a function of capital markets. But this is not isolated just to these U.S. companies.

## Hard Assets: Energy

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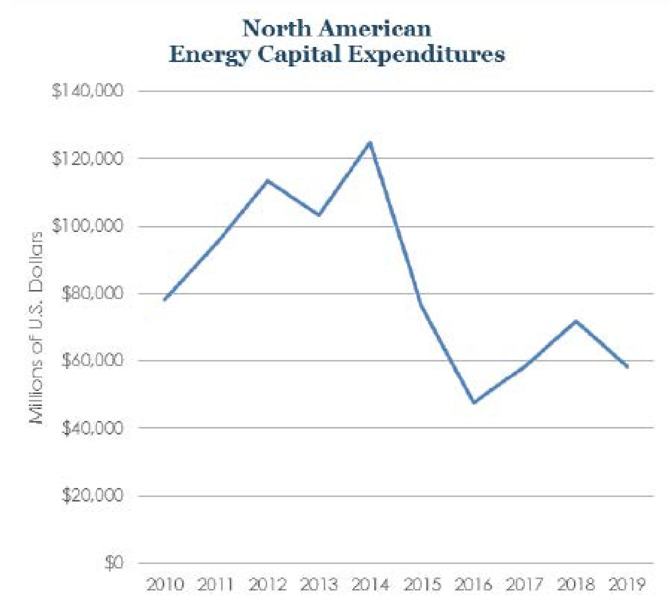
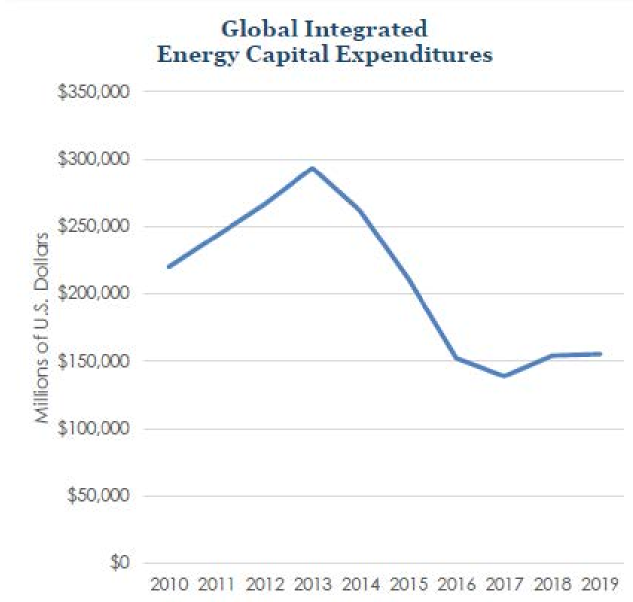
### Capital Expenditure Contraction




*Companies: EOG Resources, ConocoPhillips, Occidental, Anadarko, Pioneer, Concho, Hess, Diamondback, Continental, Noble, Encana, Marathon, Apache, Chesapeake, Devon, EQT, Antero, Parsley, Cimarex, Murphy, WPX, Southwestern, SM Energy*




*Companies: Exxon Mobil, Royal Dutch Shell, Chevron, Total SA, BP PLC, Petrobras, Sinopec, Equinor (Statoil ASA), Eni SpA, Suncor, Repsol, Cenovus, Husky, YPF*

*Source: Bloomberg Intelligence*

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The chart on the right shows you that for the global integrated companies, their CapEx cycle peaked a little bit earlier. And these are the mega companies: Exxon, Royal Dutch Shell, Chevron, Total, BP, Equinor, which is the old Statoil of Norway, Repsol, you get the idea. They had about $300 billion of capital expenditures back at the peak, and now you're down to kind of a flat line around $150 billion of annual CapEx. And a lot of these resources need to be replaced, particularly for the guys that have conventional high depletion rate and offshore stuff. So, again, this dearth of capital investment is reflected in the fact that they're just not replacing reserves, and it's not necessarily what they believe to be their best path forward, but it's where capital markets and investors are driving things, and we'll get a little bit more into that in the next two slides.

## Hard Assets: Energy

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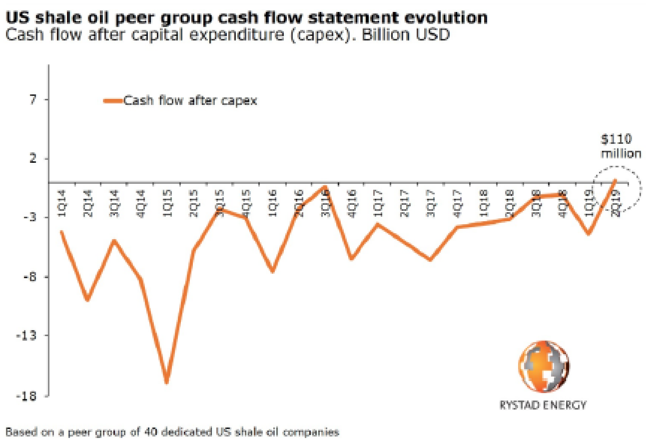
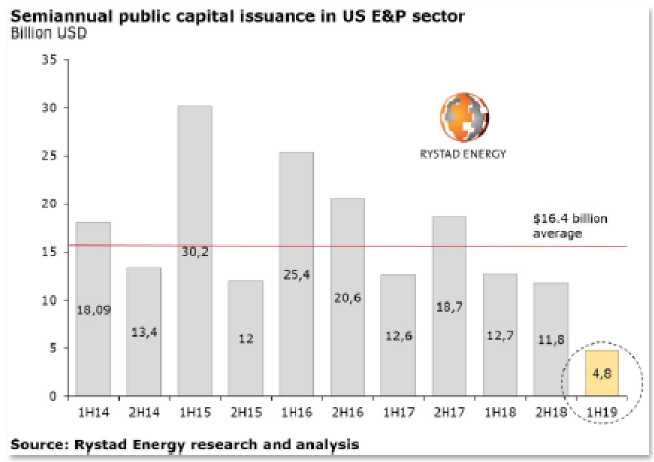
### Ignored Fundamental Business Improvements




*Not the conventional "boom/bust" cycle – capital markets drive structural underinvestment.*

*Source: Rystad Energy*

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So, these are two slides from Rystad Energy, where that chart on the left of the independent U.S. operators shows that a lot of these companies have been operating without any discipline for cash flow net of CapEx for many years. This goes back to the beginning of 2014. And despite what you read in the paper about all shale going bankrupt and going bust, you can actually see that in the second quarter of 2019, in aggregate, these companies for the first time ever broke to a net-free cash flow position. But if you look at the chart on the left, capital markets have said we're not convinced yet. So, the lowest public capital issuance in the U.S. E&P sector— inflation adjusted, I suspect that that's a historically low number. Maybe in '08-'09 when capital markets were totally frozen, but for a normal cycle, especially what you would call the continuation of a strong economy by many metrics, this is somewhat unprecedented. And another thing, anecdotally, is a lot of the lenders at some of the regional banks that are lending their credit facilities, whether they're revolvers or term loans, they're renegotiating new loans at $40-45 oil long term just to bake in a margin of safety. Concho Energy, one of the largest Permian producers, are planning for the next 50 years averaging $50 a barrel, so you can see the capital discipline. The result here is that you're not going to have uneconomical development of shale just for the sake of growth. Capital markets have pulled the line and they're saying we will only fund you after you prove you can do this economically. So, supply and demand actually will win the day because these companies are not allowed to just grow for the sake of growth. And I would love to see what would happen when capital markets use that same type of discrimination for software and technology companies, where they're currently just infinitely willing to fund growth with no profitability. So, buyer beware.

This is just a little bit more to that point. These are just some headlines from the *Wall Street Journal* over the past two years.

## Hard Assets: Energy

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### Sentiment Remains Low

BUSINESS

**Wall Street Tells Frackers to Stop Counting Barrels, Start Making Profits**

The shale-oil revolution produces lots of oil but not enough upside for investors

*By Bradley Olson and Lynn Cook*
Updated Dec. 13, 2017 6:09 pm ET

MARKETS

**Norway's Sovereign-Wealth Fund Boosts Renewable Energy, Divests Fossil Fuels**

Parliament instructs fund built on oil profits to redirect investments in smaller firms

*By Dieter Holger*
June 12, 2019 12:38 pm ET

BUSINESS

**Shareholders Have No Love for Shale Companies**

Investors are down on fracking firms, even as the companies pump record volumes of oil and gas

*By Rebecca Elliott*
Updated Aug. 13, 2019 7:22 pm ET

Source: *Wall Street Journal*

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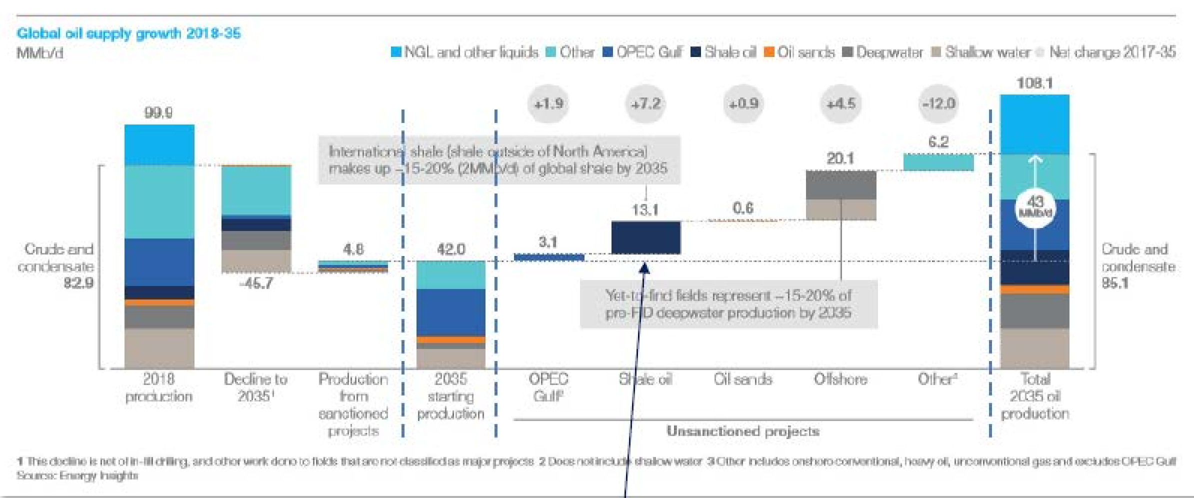
But the top one is probably most important, where I remember at the end of 2017, the largest allocator—when people were still actually making active allocations to energy, they called a summit of sorts with all of the big lower 48 producers. And these are the Wellingtons and Fidelitys of the world, where if you want a bond placed, or you want a secondary, or you want an IPO, you need to have these people onboard. They said, look, we will not fund your drilling profile and your drilling programs until you hit CapEx positivity.

And I think it's a healthy shakedown. You move out of the peripheral acreage, the bad operators get marginalized or consolidated, and we're not going to supply oil below our 10-20% discount rate profitability. The second headline is somewhat—I put it in there, somewhat tongue-in-cheek because if you actually read what Norway Sovereign-Wealth Fund did, they actually are not required—they ended up divesting a negligible amount of their portfolio because they actually justified that they can continue to haul the supermajors, so that right chart that was back there with CapEx— BP, Total, Exxon, Chevron, because they believe that these companies are actually making efforts to invest in renewables. What the headline tells you is not necessarily aligned with truth. Also, they should note that all of the North Sea companies, whether they're Norwegian companies or multinationals that are operating on federal Norwegian leases in the North Sea, there's a 20% tax that goes right to the crown for all of these operations. So, break-evens for offshore aren't great when you're not paying the crown 20%, but they're certainly not all that great when you are paying at 20%. To that end, I think one thing that really is getting lost in current energy pricing is and where, certainly, sentiment is today—on the one hand, you're seeing a lot of headlines that U.S. shale is basically exhausted and not going to fill the supply gap, you're seeing all this CapEx, and demand is fairly solid.

## Hard Assets: Energy

HORIZON KINETICS
Kinetics Mutual Funds, Inc.

### Global Supply Forecast: Where is Incremental Barrel Coming From?




*Global Supply/Demand Balance*
*Contingent on* ***U.S. Shale***

*Source: McKinsey Associates*

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This is from McKinsey. McKinsey is not an energy-oriented organization that's going to paint an overly rosy picture of supply. But as you go from left to right, you start off with 2018 production, you see 50 million barrels of what's drilled today needs to be basically replaced by 2035. There's a couple of sanction projects which are going to add about 5 million barrels but that gets you to 2035 where you're at 42 million barrels. So, shale oil is what is basically going to fill that massive supply gap. And you can see some offshore as you get further right, but what this graph doesn't necessarily tell you is that in order to even get to 42 million barrels a day of global production in 2035, these models have U.S. shale growing tremendously to basically fill any dormant demand that is not met by other non-sanctioned, longer-cycle projects. Thus, there's a big disconnect in where capital markets are, perception is, oil prices are, and where actual fundamentals are. So, one other thing I think we should also highlight now is drilling down into where is this oil coming from in the U.S.?

# U.S. Energy Production

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## U.S. Energy Production by Basin

| Region | Oil production thousand barrels/day September 2019 | October 2019 | change | Gas production million cubic feet/day September 2019 | October 2019 | change |
|---|---|---|---|---|---|---|
| Anadarko | 558 | 549 | (9) | 7,508 | 7,412 | (96) |
| Appalachia | 151 | 155 | 4 | 32,615 | 32,811 | 196 |
| Bakken | 1,469 | 1,471 | 2 | 3,000 | 3,003 | 3 |
| Eagle Ford | 1,380 | 1,374 | (6) | 6,747 | 6,729 | (18) |
| Haynesville | 42 | 42 | - | 11,460 | 11,563 | 103 |
| Niobrara | 755 | 767 | 12 | 5,648 | 5,700 | 52 |
| Permian | 4,414 | 4,485 | 71 | 14,915 | 15,144 | 229 |
| Total | 8,769 | 8,843 | 74 | 81,893 | 82,362 | 469 |


eia Source: U.S. Energy Information Administration

| Basin | State(s) | BOE/D | % |
|---|---|---|---|
| Anadarko | OK | 549 | 6.2% |
| Appalachia | PA/OH/WV | 155 | 1.8% |
| Bakken | ND/MT | 1,471 | 16.6% |
| Eagle Ford | TX | 1,374 | 15.5% |
| Haynesville | TX/LA/AR | 42 | 0.5% |
| Niobara | CO/WY | 767 | 8.7% |
| Permian | TX/NM | 4,485 | 50.7% |

*Bakken, Eagle Ford and Permian account for 83% U.S. Production*

*Source: EIA*

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This is basically a graph of production of U.S. oil and gas separated by basin. You can see, obviously, that the Permian is over half of U.S. onshore production today. But then the other two basins that are really filling in that entire gap are the Eagle Ford, which, if you can see on the slide is that purple strip there in South and East Texas, and then the Bakken, which is the yellow cluster up in North Dakota and Montana. So, I think specifically as there have been a lot of headlines, we need to go into a little bit more differentiation between the Permian and these other shales.

## U.S. Energy Production

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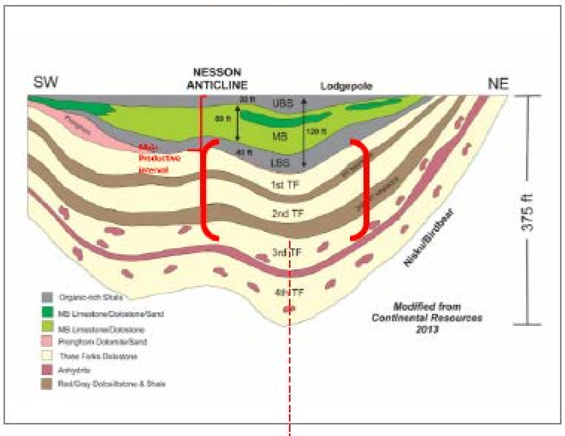
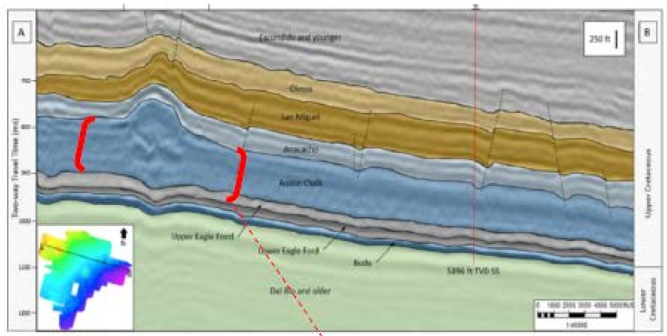
### Bakken and Eagle Ford – 32% of U.S. Production

**Bakken/
Three Forks**




Focus Interval Thickness
~200 feet

**Eagle Ford/
Austin Chalk**




Focus Interval Thickness
~170 feet

*Source: Continental Resources / Colorado School of Mines*

*Source: American Association of Petroleum Geologists (AAPG)*

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Here, the Bakken and the Eagle Ford is about 32% of lower 48 U.S. production, and these are basically just stratigraphic maps that are fairly crude studies. On the left is the Bakken/Three Forks. The Three Forks is basically the formation that they're exploiting for a lot of these wells for oil and gas. And you can see the total depth of the entire formation is about 375 feet. But the real focus of where drilling activity is going on today is probably in the vicinity of about 200 feet. On the right, this is the Eagle Ford and the Austin Chalk. So, the blue is the Austin Chalk, which is a shale chalk. A little bit below that is the actual Eagle Ford. Again, you can see that the total depth here is a couple hundred feet, and the actual interval that they're focusing with the wells is 170 feet. What I'm getting at here is that there's a lot of information out there about well spacing issues, which people colloquially refer to as the parent-child well issue where you drilled one well in a section—a drill spacing unit will standardize to one mile, and it's an incredible well with  insane economics. But as you start adding children well sto that parent, there are some issues with the integrity of the shale. And that is an issue. It's an issue everywhere. It's not just an issue in these shales but,  when you only have 200, 150 feet to exploit, you're only putting, in some cases four, in some cases six, maybe in other cases eight wells per drill spacing unit because there's just not enough vertical depth to really separate these horizontal wells. Just anecdotally, one of the reasons why I think this has become such an issue is Concho did a really, really aggressive well pad called the Dominator Pad in Lea County, New Mexico;—this should really have been viewed as research and development. Just like there's R&D at a biotech or a tech company, this was R&D for them. They took an incredibly high- quality acre and they tested 23 wells in just the upper Wolfcamp formation. And they said, yes, we spaced them too tightly. This was a test to see how tightly we could do it but, again, to put that into context, we'll move on to the next slide which is the Permian Basin.

## U.S. Energy Production

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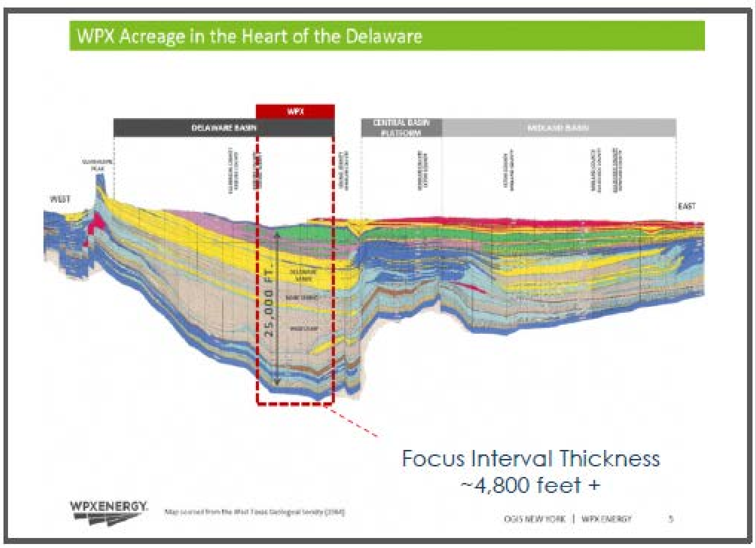
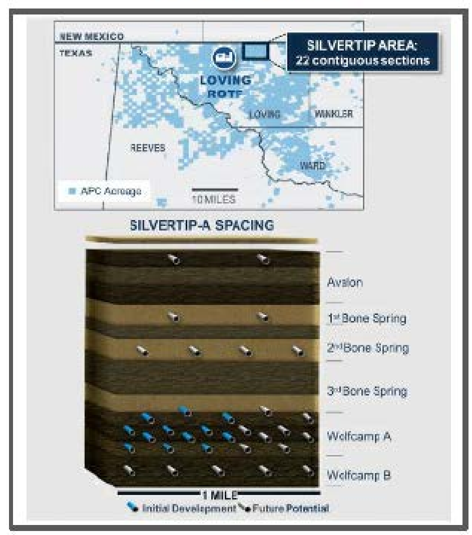
### Permian Basin – 50% of U.S. Production

**Permian Basin**




**Delaware Basin**




Source: WPX Energy, Andarko Petroleum

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So, here the slide on the left is borrowed from WPX Energy, and you can see on the left- hand side of that chart is the Delaware Basin. The middle where you see that blue is the up thrust of the central basin platform, and on the right is the Midland Basin. You'll notice from surface to the depth of the shale is 25,000 feet. Now, remember, the last two shales, which are the other 35% of U.S. production, max out at a couple hundred feet. The focus interval, which is the Wolfcamp and the Bone Spring, those clusters of gray, are over 5,000 feet. Now, not only does this compare wildly favorably to the Bakken and Eagle Ford, you also want to notice that that left side, the Delaware Basin where the vast majority of Texas Pacific's acreage is, look at how that compares to even the Midland basin on the right. So, far deeper. You can see it's a little bit more complex, and that's why it hasn't really been drilled. And I'll give you some data on that in a minute. But that's where a lot of the future growth is going to be coming from. So, as it pertains to well spacing, this was an Anadarko Silvertip program right in the top of Loving County. You can see above it; there's the Reeves-Loving border there. But you'll notice that they identify here alone five landing zones. You know, if you look at their more robust investor materials with the Occidental merger, they think, depending on oil prices and completion costs, there's a lot more than six landing zones, there's maybe nine landing zones. But you can see the Wolfcamp A and B where that cluster of wells are. That's where Concho tried to put 22 wells just in those two zones. So, this map doesn't even show you Wolfcamp C and D, and in other places they're putting a lot more wells into the Bone Spring. But if you look at the Silvertip results, these well results are top tier and incredibly high quality and are going to drive more and more concentration into this part of the Permian Basin. So, one of the reasons why you've seen very laggard growth in the Delaware is that it was more complex and robust, and it was deeper. So, it was more expensive to drill, and people didn't really understand it. But even after all of these large companies understood it, Chevron entered the basin: they entered it by virtue of their old Texas Pacific acreage, but Chevron bought out the Bass Family's interest, and BP's entered the basin. So, the major integrators are here.

This chart shows when the growth accelerated ahead of takeaway capacity. So, in the third quarter of 2018, you can see that low point where if you were delivering a barrel of oil to the Midland hub, you were getting close to a $20 discount to WTI, which is priced in Cushing, Oklahoma. So, let's say Cushing was getting $65 per barrel. You might've been getting $45 or even less, depending on your transportation cost to get it to Midland. Now, you'll notice as you go through the next six to nine months—basically, throughout the next year, actually, you're getting a 90- cent premium to deliver your barrels into Midland because now there's actually additional capacity to get the barrels out. And Cushing is actually getting depleted. So, Midland used to be a play on getting the barrels down into the Gulf, which is Brent-based, but now even they're giving you a premium to get the barrels to Midland, so they can choose where the economics are better for delivery. We've talked about this in past presentations where, I think as of our last update, the Sunrise and Permian Express Pipelines were online. Today, Cactus II is up and running; the first phase of Epic is up and running; and Gray Oak is up and running. And then we have an extension to Epic, an extension to Cactus II, and then the link to Webster Pipes all coming online over the next couple of years. So, the industry is building out way ahead of whatever growth these operators will pursue but, again, the growth is going to be under far more capital discipline.

## U.S. Energy Production

### Permian Basin Infrastructure

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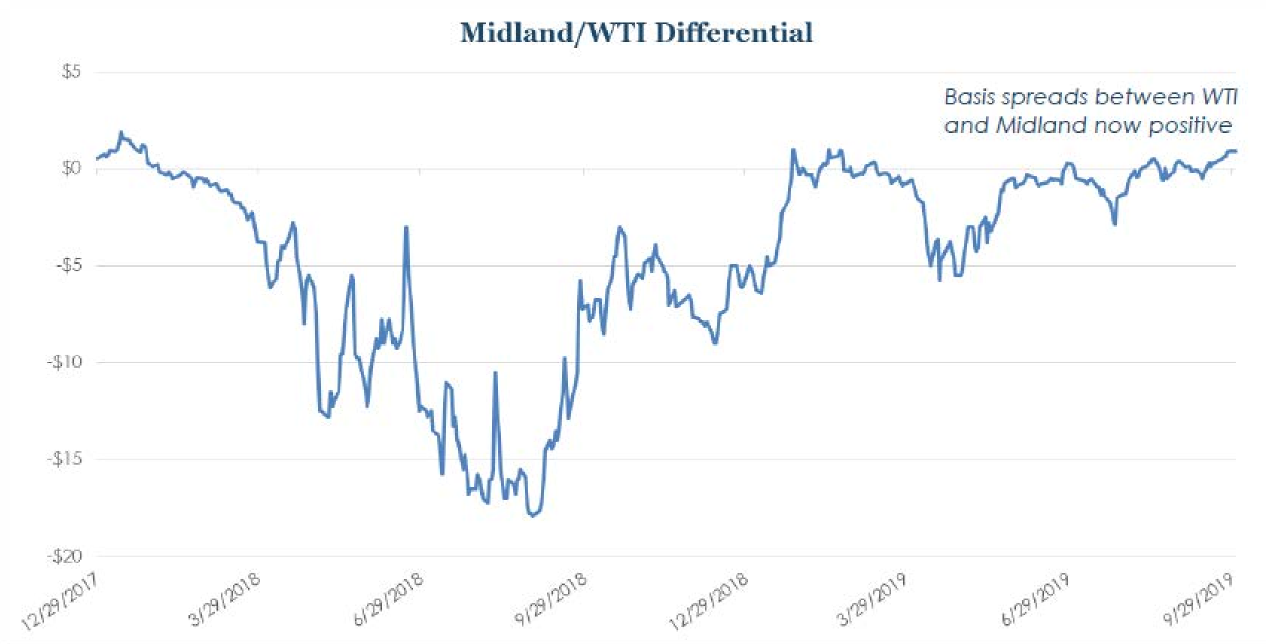


*Source: Bloomberg*
*Chart Reflects the differential between the national crude oil benchmark at West Texas Intermediate Cushing and the West Texas Intermediate Midland price*

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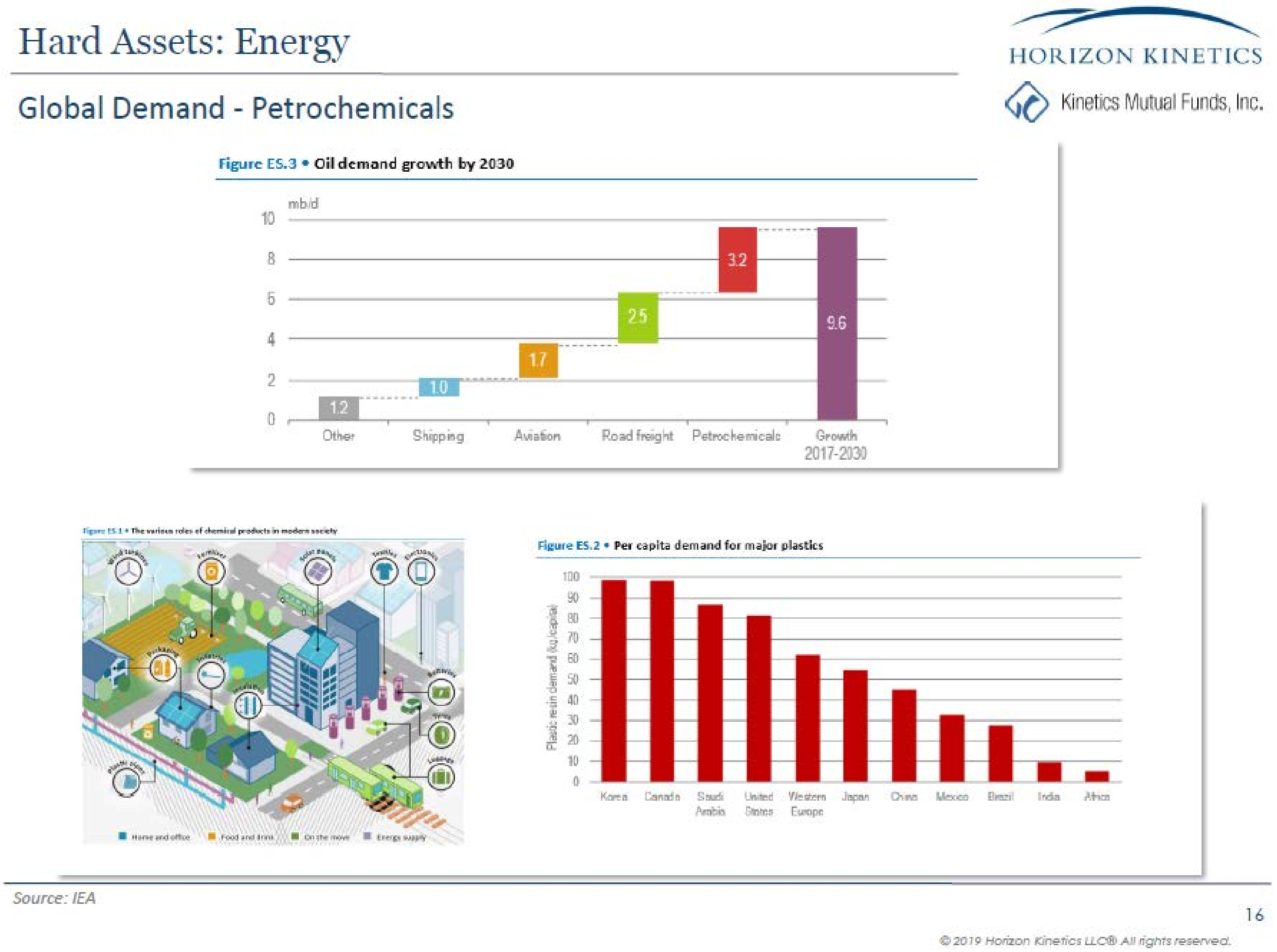
One thing that I should mention, going back to capital being starved from the industry, is that a big operator on Texas Pacific’s land is Chevron. Chevron has the luxury of being a global multinational integrated oil company, where they don’t have the same budget constraints; they don’t have the same shareholder base; where they can be far more long-term- oriented; and they can be far more strategic. So, it’s a huge advantage to have these types of people working your land rather than using people that need to come to the capital markets and use free cash flow to pursue longer term initiatives. One other thing that I think is worth addressing is that supply has been the concern for the last six to nine months, and now people are talking more about demand. There’s an ESG component where more and more conversations want to address environmental, social, and governance topics.




I don't think anybody disagrees that we want a more sustainable, cleaner environment for the world and that we want to make this a better place for our kids and grandkids. But there's a lot of negative sentiment about fossil fuels that is just wildly misinformed. So, you'll see in a base case—and this is from the IEA, a fairly independent energy authority. You'll see that petrochemicals are what's going to really drive incremental growth over the next 15 years. One of the things you'll notice here is shipping, aviation, and road freight—those are going to be growth drivers because we don't really have technology that is viable today to do very, very high capacity, high torque combustion and energy that is required for certain implementations.—Okay, you know that a battery can power a Tesla with three people sitting in it. A very different story is the case if you want to take a thousand people across the Atlantic in a jet or a super-max tanker around the Cape of Good Hope, or even just a 20-foot TEU up and down the I-95 Corridor. So, a lot of these "demand models" actually have private transportation demands somewhat flat-lining, given the shift to hybrids and renewables for individual cars. But these real demands are being met elsewhere. Also, petrochemicals are not combusted. They are refined into end products that are not combusted, causing $CO_2$ emissions. So, that graph on the lower left I think is really indicative—I'm not sure how well you can see it on your screen but even these cars with batteries need tires. The batteries themselves actually use petrochemicals. Solar panels have liquid that is suspended in a lot of the colored pads that actually absorb the heat, and they are are petrochemical-based. Fertilizers to grow the food and to feed the livestock for a growing global population require a variety of naphtha-based derivatives. They are also used for insulation in our homes and offices. All of these petrochemical-based products are actually driving a less $CO_2$ intensive initiative. You know, insulating your house through a non-combusted petrochemical derivative is going to reduce whatever strain is on the grid that is actually combusting hydrocarbons. So, the last chart on the right, that red bar graph, is a proxy for petrochemicals, but this is simply plastics where you'll see, the per capital demand for plastics from South Korea, Canada, Saudi Arabia, the U.S., and Western Europe. But then if you go all the way to the right, you'll notice India, Africa, and Brazil. China's already moving up. But this isn't necessarily a story of people using more and more of these products. It's more that some of these countries have a higher and higher standard of living: they're going to have more tires, more solar panels, more packaging, more toiletries, and all of these things on the graph on the left. So, we're very thoughtful about where this end demand is coming from. I'm now just going to wrap up on our energy and hard asset exposure. As you know, we're not beholden to any asset class, any sector, any geography. We simply, as generalists, look to where we think the best return potential lies and where we feel as though we can make a full cycle return that's attractive. And many times, we feel that it behooves us to have a differentiated return. So, a lot of these slides were not only to educate people on some of the concerns in the industry, but also to show that we're very thoughtful about this exposure. And we are in the assets that we're in purely as a product of our expected return profile. And many times—you know, I think I've mentioned this on other calls—GMO out of Boston, they've done a lot of research that shows your purchase price, so your beginning valuation is by far and away the largest driving factor of your ten-year return. So, you can think about GDP growth, interest rates, or earnings growth, but purchase prices is the gravity you cannot escape, and that's what drives a lot of our process.

## Market Observations

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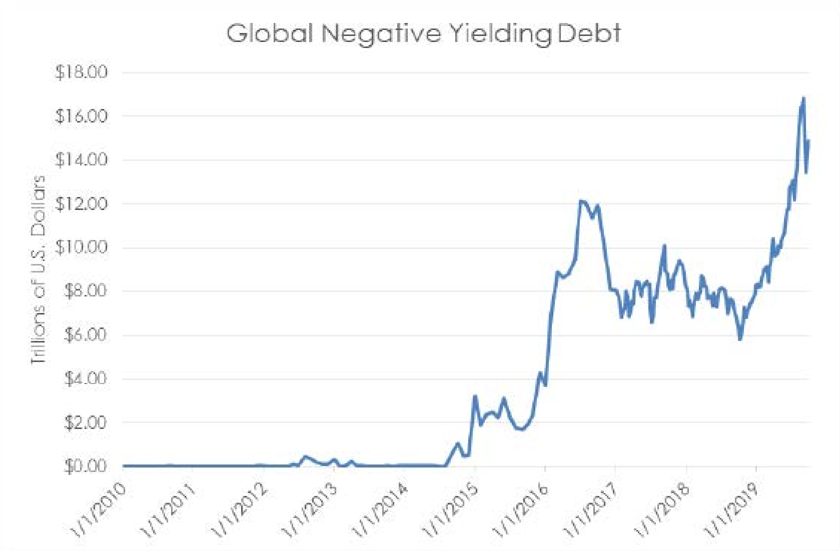
### Interest Rate – Long-term Consequences




Logical result of negative yielding debt is impaired purchasing power of fiat currencies.

*Source: Bloomberg Barclays Aggregate – Global Negative Yielding Debt Index*

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So, just revisiting the long-term consequences of having $15-odd trillion of negative yielding debt, there's a debasement of currencies. This is a stark image. On the order of 75% of U.S. GDP is negative yielding debt. Part of the pressure on a lot of assets is the ICE U.S. Dollar Index, which is the dollar relative to a basket of leading global currencies, and that is up about 3.5% this year. That might not seem like a lot but within the context of global growth and interest rates, a 3.5% nine-month move in the dollar's strengthening has a very, very significant impact.

## Hard Assets: Precious Metals

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### Capital Expenditure Contraction


*Companies: Newmont Mining, Barrick Gold, Newcrest Mining, Agnico Eagle, Zijin Mining, AngloGold Ashanti, Kinross Gold, Gold Fields, Sibanye Gold, Yamana Gold, Harmony Gold, Goldcorp*, Randgold*

** In April 2019, Newmont Mining Corp. and Goldcorp Inc. completed their merger to form Newmont Goldcorp Corp.*

*Source: Bloomberg Intelligence*

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To that end, here is a chart on precious metals miners' capital expenditures. These are largely gold companies, which are almost a mirror image but which are even more extreme than the energy companies. So, if you remember, gold prices peaked around 2011-2012, where at that point there was $25 billion of global CapEx to replace reserves. For a couple of years we've been around the $10 billion range, so holding steady down 60% from that peak level. Gold is typically an inflationary asset, but it's also a store of value. And I think that, more and more, as people are in these countries that are being debased, you're seeing global central banks as actually one of the biggest incremental buyers of gold today. So, we're not going to sit here and debate the merits of precious metals as an investment, or their shortfalls, but I think that there's clearly a similar supply-demand dynamic where these assets have been capital starved, and they're not replacing reserves the way that the industry has.

## Market Structure

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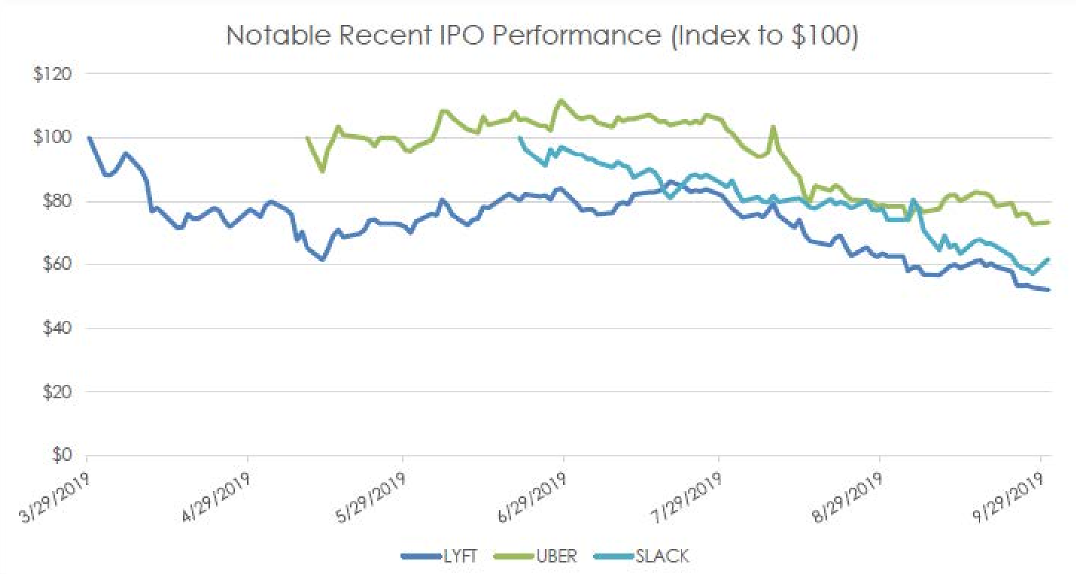
### Public Market Skepticism




Source: FactSet

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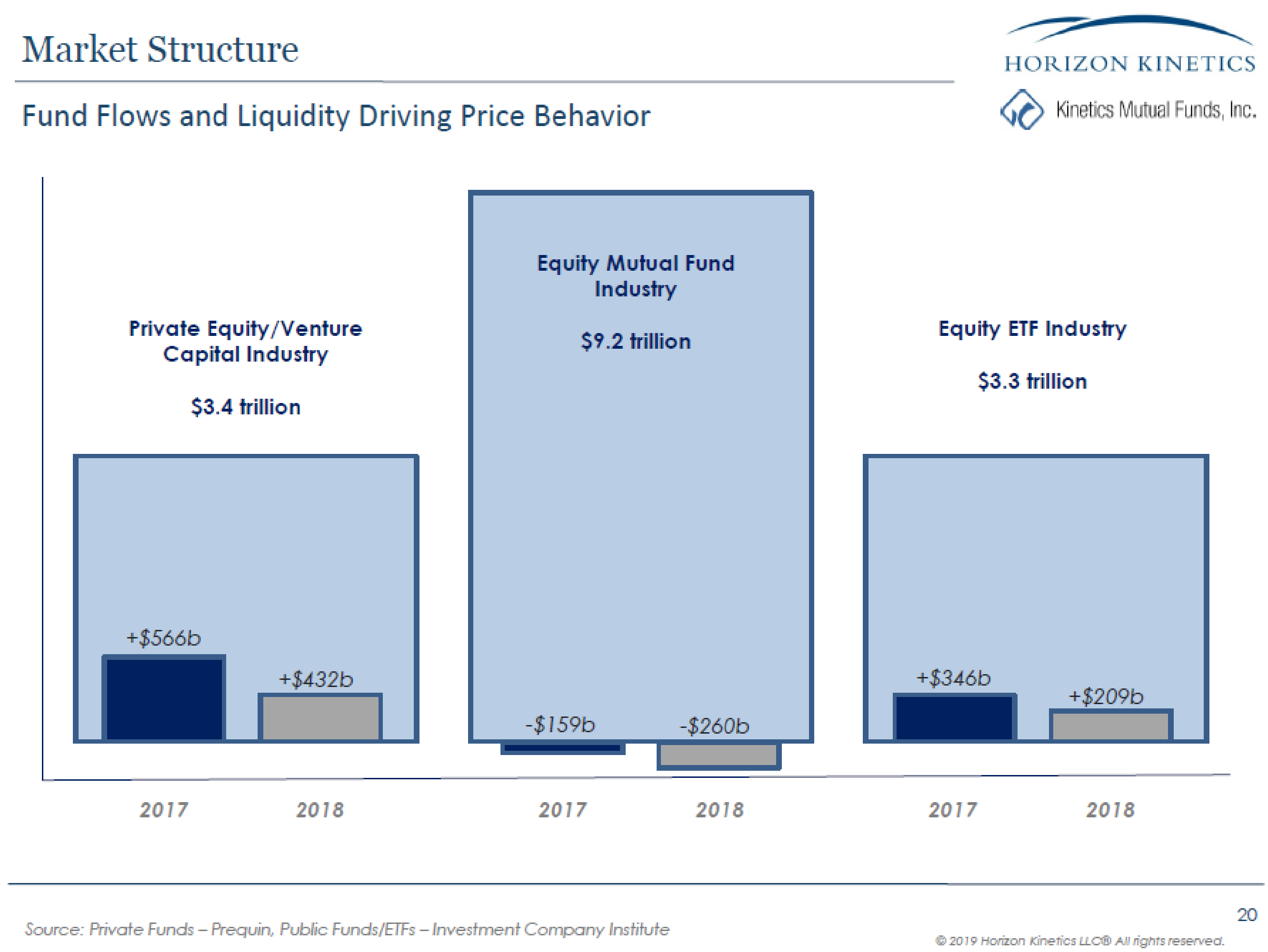
One last thing I want to touch on that I think is a really interesting development in capital markets is that you can see that public markets are not funding the private markets the way that they used to. Historically, venture capital and private equity investors were able to assess a very, very high liquidity premium for injecting capital into illiquid private companies, and then they could dump that onto the public market. You can see on this graph, Lyft since its IPO is down 45%; Slack, the messaging technology, is down 40%; Uber is down 30%. I don't want to disparage the merits of these businesses, but I think this is indicative that private markets have really bid up these assets, and public markets are not willing to fund that anymore. You know, some things that are not on this chart—Peloton, the exercise bike company, just came public, and as of today is down 23% since its IPO in September. Smile Direct Club down 40% since its IPO in September. As to shelved IPOs—I mean, I'm sure everybody's read about WeWork ad nauseam. SoftBank had it valued at $47 billion. They were having a tough time going public at $10 billion. Endeavor Group didn't get as much publicity because of WeWork, but that's the talent agency conglomerate from Ari Emanuel. He was thinking of a $42 IPO price. The market was barely funding in at $20. They shelved that IPO as well. So, I'll suggest some drivers about what's causing this. And if you look on this chart, on the left you can see that—and these are estimates from Prequin and the Investment Company Institute.




Private equity and venture capital assets under management are about $3.4 trillion. They've raised over a trillion dollars in the last two years. In the middle we can use Global Equity Mutual Funds as a proxy for the industry. Obviously, if you include managed accounts, it's a lot larger, but these are just mutual funds. But indicative of the industry is $9.2 trillion, where you had $400-plus billion of outflows in these two years. Then you go to the right where you have equity ETFs, $3.3 trillion, where they've had over a half a trillion dollars of money coming in over the past two years. So, let's just think about this from an incremental dollar of liquidity coming into the market when we look at those last charts of the IPO performance. Private equity and venture capital are able to basically mark their own assets where they choose. You know, that's highly advantageous to those companies that have capital ratios and vol-driven risk frameworks because they can market at the same level despite wherever capital markets might be and whatever the volatility level is. But if they're getting the incremental trillion dollars, they're the ones funding all of these startups. Now, typically, you take that public, and there are tons of active investors in the public markets that are ever so eager to subscribe to that IPO. But these guys are losing money. The active people don't have the dry powder to even participate, so they're not participating. The only people that are getting the fund flows are beta. The beta indices do not include a lot of these new IPOs and startups because they're: A) taking a very small amount of the float public and, B) there're not even included in the indices because on a float-adjusted basis they're very small, and a lot of the insiders still control a lot of the stock. So, this is something we've been talking about for a very long time, but I think that you can see in real world terms how it's the incremental dollar that is driving the inflated asset, and then once it needs to go to a place where there's somewhat of a rational clearing price and there's not a liquidity wish-wash bidding up the asset, it comes back down to earth. So, with that, I'll turn it back over to Peter to see if he has anything to wrap up the call, and then we can do some questions and answers.

**James Davolos:** I see a couple of questions on Texas Pacific, both on where valuation is, recent activity, and then stress-testing for what would happen in a slowdown global recession. I think I'll start with the stress test because we try to base all of our analysis on understanding the downside before we even try to understand the upside. So, you know, as it stands today, WTI Oil is about $52, and this is a derivatives-driven market, and I think that the market is pricing in perpetual oversupply from shale and deteriorating demand. And that's what you're reading in all of the headlines and you're even seeing it out of some of the more informed outlets. But rationally—and if you look at—even if you go back to about a 15-year chart, the clearing price for break-evens, you really can't get much below $45. At $45, even below $50 you're going to see a very, very steep drop-off in production, both out of OPEC and independents worldwide. So, there's a 10% decline in spot prices, and at a certain point you're going to see the market cutting production and ultimately balancing the market. I think that the rational fundamental clearing price today, based on the operating metrics of the quality producers, easily has a five in front of it, longer term. I would be hard-pressed to think that a lot of the world supply is economic even at $55 to $65. So, the question is not so much how low can oil prices go or how long can they stay there, it's will that curtail the growth rate? Will that curtail some of the land-oriented revenue for Texas Pacific? And the answer to that is yes. The magnitude of which, I think, at the valuation today, in my personal opinion, is based on $50 oil, $2 gas, and a very high discount rate, and a very high haircut to the peripheral acreage—you know, you're getting a lot of the royalties for free in the price today and you're paying zero for water and land. So, full cycle, I would imagine that you would probably see some value from the other royalties, probably higher realized pricing, and land and water are worth a tremendous amount of money. That segues into how much growth is priced in and I'd say very little. Part of the issue with Texas Pacific is it's such a unique asset where you have a land business, a water business, and a royalty business. I think that the royalties on a like-for-like basis, even in this very depressed environment for what private transactions are going at, and then public comps are going at, you're getting everything else for free. So, that transitions into another question on TPL about the recent activity. So, I'll give you a little bit of insight; there was a minerals conference not too long ago here in New York, and there are two companies that have filed S1s to go public. One of which is a company called Desert Peak, which is backed by Kimmeridge, a very esteemed management team and operator. Another company is called Fortis, which is backed by EnCap, again, a very highly regarded energy private equity firm. And another company that's just recently gone public is called Brigham Minerals, which is backed by Bud Brigham, who's a very well-known entity in the industry. Now, one of the main points of all of these companies is shocking—transparency, accountability, alignment of interests, and you read through all of these people's presentations and that is exactly what they are promoting about their businesses. Now, everybody believes, myself included, that royalties are going to be an asset class. You have 80% margins or better, you have zero working capital, you have incredibly high distributable cash flow. But the biggest hurdle for the industry today is that there's no liquidity. You know, the big player is Viper Energy, a subsidiary of Diamondback. But then below that there's virtually nobody over a $billion market cap. And none of these companies trade more than $20 million or so a day. So, to have the biggest royalty portfolio in the public market properly structured, properly managed, the right transparency, the right people, the right procedures, that will benefit the entire industry. And longer term, I think there's a tremendous opportunity for consolidation. And I should caveat all of this. Obviously, Murray has privileged information that he can't share. I'm only aware of what I've spoken about with people other than Murray, who is on the committee. But there's a tremendous opportunity and almost an absurd obviousness to the fact that to have just the transparency, the right people, and the right corporate structure, there's a tremendous amount of value that can be unlocked.

Here's another point regarding hard assets. You know, people are overly discounting a lot of hard assets, and are we able to find new investments and new holdings in that area to add to the funds? The answer is yes. We're finding more and more of these companies, and it's just trying to determine how much liquidity we want to maintain and how many other unique oft-excluded assets are there? But there are a lot of really eclectic, interesting hard asset companies out there, and we think that they're going to provide a really unique return profile in the not too distant future.

**Peter Doyle:** James, would you mind talking about CACI. I've gotten a couple of clients who have asked questions about that company. You know, it's become a larger position in the portfolio.

**James Davolos:** So, CACI is a technology oriented, for lack of a better word, defense company. Actually, CACI dates back to the 1970s, and it was founded by Harry Markowitz. Harry Markowitz is the father of modern portfolio theory. His real passion was cybersecurity and this defense business, and modern portfolio theory was actually a side project of his that was kind of a little hobby, and most people think that he doesn't actually believe in it. So, I apologize to those at the University of Chicago. But the company is a technology-oriented defense contractor that really focuses on cybersecurity, cryptography, surveillance, data systems, and security. So, basically, it deals with all of the modern aspects of warfare security and national defense. I think about 80-90% of their contracts are through the Department of Defense, but within the Department of Defense, there are about 700 entities, many of which are still operating now but were established in the 1970s or earlier. In the 1970s, they weren't on enterprise servers, and they didn't have independent authentication. So, CACI is going through a really interesting transition right now where they're doing these enterprise systems, which then lead to bigger, and longer, and higher margin projects. So, going into the liquidity paradox, take a look at the aerospace and defense leaders in the index, i.e. Boeing, Lockheed, Northrop Grumman. By and large, every one of them is trading above 25 times earnings and over 20 times cash flow. And they're capital intensive, they're cyclical, and they're levered. Then you can look at CACI and there's a peer group of about four or five companies. And when we initiated the position, we bought it at about 8 times cash flow. CACI has less leverage, better organic growth, and far superior working capital than those capital- intensive companies noted above. And if you look at the way that the world is moving, these are the businesses that are really more important in terms of what's going to drive national security—where if people are getting into your data systems, and satellite systems, and records, how does it help you to have a couple jets? So, we think the company can grow at GDP plus 2-3% a year organically over a very, very long term. While margin expansion on the bottom line has been very consistent over the past few years, as I mentioned, they're transitioning from a lot of this enterprise work, which is lower margin, lower revenue, somewhat more commoditized, into mission-oriented and very highly technical security clearance-based projects. So, compare this, if you will: GDP plus growth with acquisition potential and margin expansion at—today, it's about 10 times cash flow. Would you rather own this or Unilever, Procter & Gamble, Colgate Palmolive, which will be very hard-pressed to grow at GDP, have intense margin pressure, and are trading at 23-26 times cash flow? So, I think the numbers speak for themselves, but it shows you where the world is concentrating their allocations.

Quickly, there's a good question on the macro perspective asking about the low discount rate on long-term cash flows versus the high investment premium on liquidity from buying less liquid stocks that are being excluded by the indices. So, that's exactly what we're trying to isolate; given the fact that these businesses are viewed negatively, we're able to buy incredibly high quality companies that we feel have a reasonably high degree of predictability at a tremendously high discount rate. Whereas, for companies that the world seems to believe have high predictability and low risk (which are actually high risk, in our view) there's an incredibly low discount rate. Peter and Murray, when they left Bankers Trust and started Horizon 25-odd years ago, one of their reports they wrote was called "The Capital Structure Arbitrage Report", where the equity was pricing in a great future but debt spreads were blowing out, or debt was pricing very tight but the equity was plummeting, and they determined where the opportunity was. This is the opportunity in discount rates today where the perception in some of these companies are just at such an incredibly high discount rate because of the perception of volatility and the lack of a perceived catalyst. That's where you can earn a very, very attractive rate of return, not in consumer staples and technology companies discounting future earnings at 2%.

**Peter Doyle:** I'm just going to hammer home the point that James had also touched on earlier:—we have a price discipline, and we've said it a thousand times and we'll say it again: you cannot uncouple your expected rate of return with the price that you pay for an asset. And we're always mindful of trying to pay a good price to get that. And then, secondarily, the bulk of your return as an equity shareholder is going to come through earnings growth. And valuation multiples will contract or expand but longer term, actually that plays a very small role in your return characteristics. So, if you take a company like CACI, you can see the earnings predictability is actually quite high. You're buying in at a reasonable valuation. It's hard to see how you're not going to outperform the "more liquid" names that are out there in that space by a very wide margin. So, that will just take time.

**James Davolos:** Okay, one last question, and we're already over an hour here. I know a lot of people on the call probably follow Civeo fairly closely. I mean, if you think that energy has a negative sentiment within shareholder and capital markets, energy service companies make it look pretty rosy. Take a look at Schlumberger Halliburton, Baker Hughes, National Oilwell Varco, and those are the big well-capitalized , once esteemed operators. So, the operators are getting squeezed, and Civeo trades basically like a cyclical levered option on energy prices. But if you actually look from the bottom-up instead of the top-down, there are a lot of projects that are going to be moving liquefied natural gas to the coast of Canada where they'll have a lot of recurring revenue. And their base of operators in their traditional oil sands projects is stable. It's not going to grow next year because they're not going to put on expansion right now. But basically, our whole thesis is that if they can continue to manufacture—and I say manufacture because it's really just blocking and tackling at this point—around $100 million in EBITDA, you're paying down a ton of debt and that accretes to the equity. The step function that I don't think the market's really looking at is there are some green shoots of optimism in the Australian metallurgical coal market. And I think they're basically around 50 or 60% occupancy in their Australian assets, which today makes up about 30% of their cash flow. These are met coal or thermal—or coking coal, that's used for the production and smelting of iron ore. And whether or not China is still building skyscrapers to nowhere, the world still needs planes, and trains, and automobiles. And met coal is crucial, and it's actually fairly necessary because you need something that maintains an incredibly high sustained combustion temperature. So, to do it with gas where you're going to start up and shut down—I mean, there's all types of different technologies that people use for furnaces, but met coal is actually very efficient. And the disconnect between met coal and thermal coal—thermal coal being used for power plants—is stark, and wide, and vast. So, there could be some green shoots in that market. But, again, if you look at the fundamentals from a bottom-up perspective, Civeo is doing everything it should do and it's basically that they continue to fight the good fight and try to get on the other side of this cycle. There are a lot of good things for them, but the market's going to price it based off of commodity prices and broader risk spreads in the short-term.

**Peter Doyle:** And as you said, James, there's no expiration on this option, right? You can play it for a long time and not worry about it.

**James Davolos:** One other thing that's just worth mentioning is that the company appears to have a very, very good working relationship with their lenders so they've been able to consistently work with these lenders on both their term loan and their revolver. Because at the end of the day, whether it's a syndicate or there's one lead holder of the debt, this is not like Apollo or one of the vulture funds. They don't want to take the keys and start operating 50 lodges across North America and Australia. They want to keep this thing in place, and constant, and working on their books for both their benefit and the company's benefit. So, patience is the biggest virtue with Civeo.

**Chris Bell:** Thank you, James. Thank you, Peter. Thank you, everyone, for your time today. Just a reminder that there will be a transcript available and the factsheets will be on the website—Kinetics Funds' website, within a couple of weeks. And please do take a look at our Horizon Kinetics website which contains periodic updates. So, with that, I'll sign off. Thank you very much.

**[END]**

# The Kinetics **Alternative Income** Fund

**3Q 2019**

Horizon Kinetics Asset Management LLC

- Employee-owned, SEC-registered investment adviser, initially established in 1994.
- Manages approximately $5.2 billion in assets as of 09/30/2019.
- 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 | $18.0 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 | 67.3% |
| Other Investments | 32.7% |

www.kineticsfunds.com

## Alternative Income Fund Overview

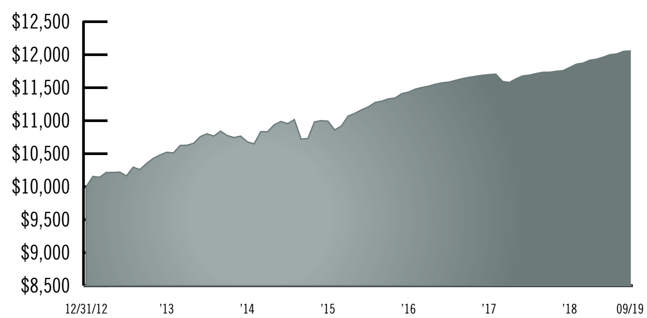
- A two-part investment strategy focused on generating income and capital gains in excess of traditional short duration, investment grade fixed income indexes.
- The strategy primarily invests in a diversified portfolio of short-term, investment grade bonds with an emphasis on liquidity, diversification, 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 09/30/19

| | 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% | 2.12% | 2.81% |
| Bloomberg Barclays US Agg. Bond Index | -2.02% | 5.97% | 0.55% | 2.65% | 3.54% | 0.01% | 8.52% | 2.79% |
| Bloomberg Barclays 1-3 Year US Credit Index | 1.45% | 1.12% | 0.85% | 2.11% | 1.66% | 1.64% | 4.20% | 1.93% |

## Growth of $10,000 Returns

$12,057




## Statistics

| | Fund | Barclays Agg. |
|---|---|---|
| Beta | 0.04 | 1.00 |
| Standard Deviation | 2.18 | 3.07 |
| Sharpe Ratio | 0.94 | 0.66 |

## 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 | |

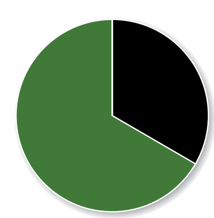
## Fixed Income Overview

### Fixed Income Statistics

| | |
|---|---|
| Average Duration (years) | 0.49 |
| Average Maturity (years) | 0.52 |

## Credit Quality (%)

| | |
|---|---|
| Cash & Equivalents | 67.3% |
| A | 32.7% |



# The Kinetics Alternative Income Fund

**3Q 2019**

## Performance (No-Load Class)

| | 3 Month | YTD | Annualized Returns as of 09/30/19 1YR | 3YR | 5YR | 10YR | Since Inception |
|---|---|---|---|---|---|---|---|
| **Alternative Income Fund (KWINX)** | 0.46% | 2.12% | 2.74% | 2.09% | 2.27% | 2.17% | 0.60% |
| Bloomberg Barclays US Agg. Bond Index | 2.27% | 8.52% | 10.30% | 2.92% | 3.38% | 3.75% | 4.44% |
| Bloomberg Barclays 1-3 Year US Credit Index | 0.93% | 4.20% | 5.13% | 2.40% | 2.11% | 2.39% | 3.08% |

*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.

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

# The Kinetics **Global** Fund

**3Q 2019**

## Horizon Kinetics Asset Management LLC

- Employee-owned, SEC-registered investment adviser, initially established in 1994.
- Manages approximately $5.2 billion in assets as of 09/30/2019.
- 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 | $14.3 million |
| Total Number of Positions* | 25 |
| Turnover Ratio | 17% |
| 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

| | |
|---|---|
| Cash and Cash Equivalents | 50.6% |
| Common Stocks | 37.7% |
| Unit Investment Trust | 11.6% |
| Preferred Stocks | 0.1% |
| Other Investments | 0.0% |

www.kineticsfunds.com

## Global Fund Overview

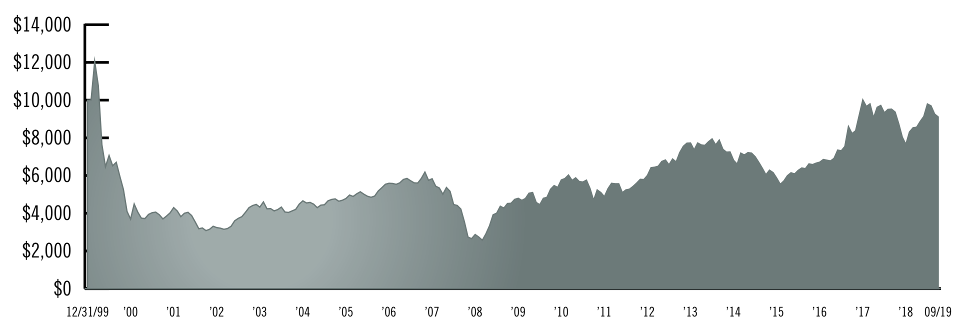
- Global Fund focuses on classic value investment opportunities worldwide with at least 40% of net assets in companies located outside the U.S.
- Seeks to identify unique business models with pricing dislocations
- On March 11, 2008 the Fund changed its name and investment mandate from the Internet Emerging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

## Performance (No-Load Class)

| | 3 Month | YTD | Annualized Returns as of 09/30/19 1YR | 3YR | 5YR | 10YR | Since Inception |
|---|---|---|---|---|---|---|---|
| **Fund (WWWEX)** | -7.01% | 19.05% | -2.76% | 11.23% | 4.26% | 7.27% | -0.47% |
| S&P 500 Index | 1.70% | 20.55% | 4.25% | 13.39% | 10.84% | 13.24% | 5.67% |
| MSCI ACW Index | -0.03% | 16.20% | 1.38% | 9.71% | 6.65% | 8.35% | 4.13% |

*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 — $9,108




## Top 10 Holdings (%) as of 09/30/19

| | |
|---|---|
| Texas Pacific Land Trust | 13.1% |
| Grayscale Bitcoin Trust | 11.6% |
| CACI International, Inc. - Class A | 6.0% |
| Franco-Nevada Corporation | 3.1% |
| Wheaton Precious Metals Corporation | 2.4% |
| Clarkson plc | 2.3% |
| Civeo Corporation | 1.8% |
| Clarke, Inc. | 1.6% |
| Siem Industries, Inc. | 1.6% |
| Brookfield Asset Management, Inc. - Class A | 1.5% |

## Statistics

| Statistics | Fund | S&P 500 |
|---|---|---|
| Beta | 0.95 | 1.00 |
| Standard Deviation | 21.61 | 14.57 |
| Up Market Capture Ratio | 0.89 | - |
| Down Market Capture Ratio | 1.13 | - |
| Sharpe Ratio | -0.10 | 0.27 |
| Weighted Avg. Mkt. Cap. ($mil) | $8,106 | $249,713 |
| Median Market Cap. ($mil) | $2,438 | $22,731 |
| Price to Book | 1.49 | 3.18 |
| Price to Earnings | 6.13 | 20.60 |
| Return on Equity | 4.96% | 22.98% |
| Active Share | 99.63% | - |

The Kinetics **Global** Fund

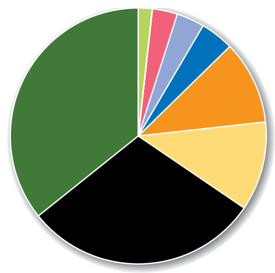
**3Q 2019**

### Historical Total Return (No-Load Class) as of 09/30/19

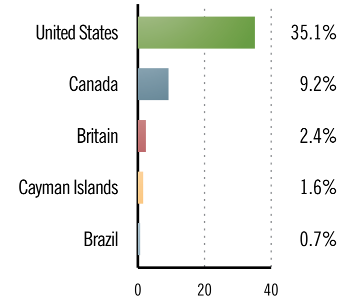
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Fund (WWWEX) | -63.10% | 16.53% | -24.65% | 33.56% | 7.67% | 2.65% | 16.90% | 4.27% | -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 (%)

| | |
|---|---|
| Mining, Quarrying, and Oil and Gas Extraction | 20.3% |
| Finance and Insurance | 16.9% |
| Public Administration | 6.4% |
| Professional, Scientific, and Technical Services | 6.0% |
| Transportation and Warehousing | 2.4% |
| Management of Companies and Enterprises | 2.0% |
| Accommodation and Food Services | 1.8% |
| Real Estate and Rental and Leasing | 0.0% |
| Retail Trade | 0.0% |
| Information | 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

**3Q 2019**

Horizon Kinetics Asset Management LLC

- Employee-owned, SEC-registered investment adviser, initially established in 1994.
- Manages approximately $5.2 billion in assets as of 09/30/2019.
- 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 | $123.1 million |
| Total Number of Positions* | 34 |
| Turnover Ratio | 1% |
| 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 | 53.8% |
| Cash and Cash Equivalents | 27.7% |
| Unit Investment Trust | 18.5% |
| 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)

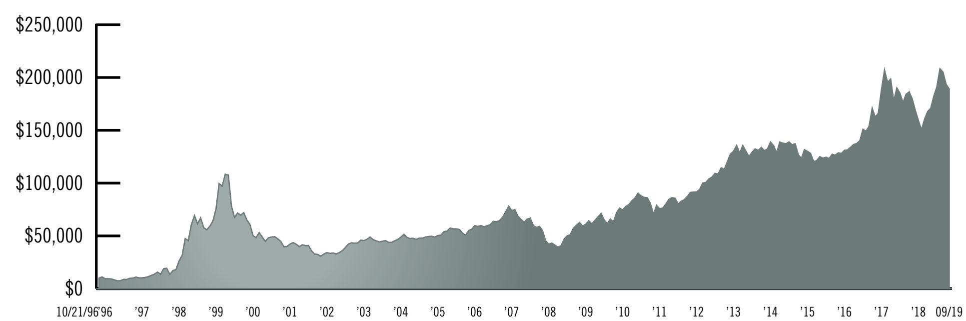
Annualized Returns as of 09/30/19

| | 3 Month | YTD | 1YR | 3YR | 5YR | 10YR | 20YR | Since Inception |
|---|---|---|---|---|---|---|---|---|
| **Fund (WWWFX)** | -9.16% | 25.78% | 5.25% | 13.72% | 7.67% | 11.68% | 5.97% | 13.67% |
| S&P 500 Index | 1.70% | 20.55% | 4.25% | 13.39% | 10.84% | 13.24% | 6.33% | 8.48% |
| NASDAQ Composite Index | -0.09% | 20.56% | -0.58% | 14.62% | 12.23% | 14.19% | 5.49% | 8.48% |

*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

**$189,143**




## Top 10 Holdings (%) as of 09/30/19

| | |
|---|---|
| Grayscale Bitcoin Trust | 18.5% |
| Texas Pacific Land Trust | 11.1% |
| CACI International, Inc. - Class A | 5.5% |
| PayPal Holdings, Inc. | 5.3% |
| The Madison Square Garden Company - Class A | 3.5% |
| OTC Markets Group, Inc. - Class A | 3.4% |
| Alphabet, Inc. - Class A | 3.2% |
| Alphabet, Inc. - Class C | 3.2% |
| Visa, Inc. - Class A | 2.9% |
| LendingTree, Inc. | 2.1% |

## Statistics

| Statistics | Fund | S&P 500 |
|---|---|---|
| Beta | 1.22 | 1.00 |
| Standard Deviation | 29.59 | 14.99 |
| Up Market Capture Ratio | 1.42 | - |
| Down Market Capture Ratio | 1.21 | - |
| Sharpe Ratio | 0.37 | 0.42 |
| Weighted Avg. Mkt. Cap. ($mil) | $108,906 | $249,713 |
| Median Market Cap. ($mil) | $10,757 | $22,731 |
| Price to Book | 2.26 | 3.18 |
| Price to Earnings | 6.98 | 20.60 |
| Return on Equity | 13.83% | 22.98% |
| Active Share | 93.71% | - |

# The Kinetics **Internet** Fund

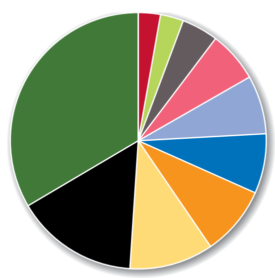
**3Q 2019**

## Historical Total Return (No-Load Class) as of 09/30/19

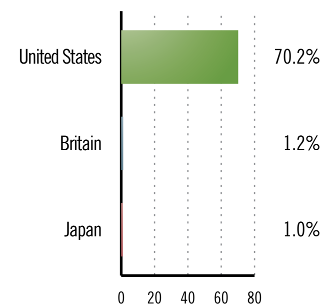
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Fund (WWWFX) | -51.49% | -9.62% | -23.44% | 40.11% | 10.06% | -1.69% | 16.49% | 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. | 24.0% |
| Oil and Gas Extraction | 11.1% |
| Professional, Scientific, and Technical Services | 7.6% |
| Other Information Services | 6.3% |
| Data Processing Hosting and Related Services | 5.4% |
| Administrative and Support Services | 5.3% |
| Broadcasting (except Internet) | 4.6% |
| Other Telecommunications | 3.3% |
| Credit Intermediation and Related Activities | 2.1% |
| Spectator Sports | 1.0% |



## 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.

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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

3Q 2019

## Horizon Kinetics Asset Management LLC

- Employee-owned, SEC-registered investment adviser, initially established in 1994.
- Manages approximately $5.2 billion in assets as of 09/30/2019.
- 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 | $83.3 million |
| Total Number of Positions* | 34 |
| 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 | 48.1% |
| Cash and Cash Equivalents | 43.9% |
| Unit Investment Trust | 7.6% |
| Preferred Stocks | 0.2% |
| Other Investments | 0.2% |

www.kineticsfunds.com

## 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)

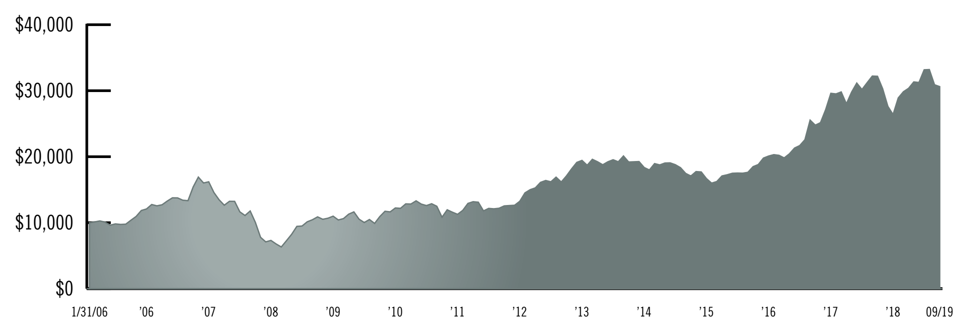
Annualized Returns as of 09/30/19

| | 3 Month | YTD | 1YR | 3YR | 5YR | 10YR | Since Inception |
|---|---|---|---|---|---|---|---|
| **Fund (KMKNX)** | -7.69% | 16.03% | -4.87% | 18.30% | 9.79% | 10.90% | 8.54% |
| S&P 500 Index | 1.70% | 20.55% | 4.25% | 13.39% | 10.84% | 13.24% | 8.63% |
| MSCI EAFE Index | -1.07% | 12.80% | -1.34% | 6.48% | 3.27% | 4.90% | 3.31% |

*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

$30,620




## Top 10 Holdings (%) as of 09/30/19

| | |
|---|---|
| Texas Pacific Land Trust | 28.3% |
| Grayscale Bitcoin Trust | 7.6% |
| Dream Unlimited Corporation - Class A | 2.4% |
| Partners Value Investments LP | 1.9% |
| Visa, Inc. - Class A | 1.7% |
| The Howard Hughes Corporation | 1.5% |
| CME Group, Inc. | 1.5% |
| Associated Capital Group, Inc. - Class A | 1.4% |
| MasterCard, Inc. - Class A | 1.3% |
| Icahn Enterprises LP | 1.3% |

## Statistics

| Statistics | Fund | S&P 500 |
|---|---|---|
| Beta | 1.09 | 1.00 |
| Standard Deviation | 19.33 | 14.27 |
| Up Market Capture Ratio | 1.14 | - |
| Down Market Capture Ratio | 1.18 | - |
| Sharpe Ratio | 0.38 | 0.52 |
| Weighted Avg. Mkt. Cap. ($mil) | $25,877 | $249,713 |
| Median Market Cap. ($mil) | $2,438 | $22,731 |
| Price to Book | 2.61 | 3.18 |
| Price to Earnings | 9.30 | 20.60 |
| Return on Equity | 9.01% | 22.98% |
| Active Share | 97.14% | - |

The Kinetics **Market Opportunities** Fund

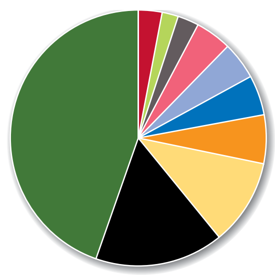
**3Q 2019**

## Historical Total Return (No-Load Class) as of 09/30/19

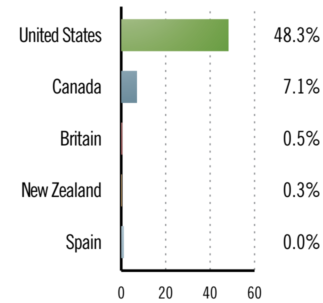
| | 2006* | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Fund (KMKNX) | 20.85% | 34.03% | -54.83% | 50.21% | 11.31% | -7.85% | 17.52% | 46.74% | -5.55% | -9.11% | 20.45% | 47.28% | -10.86% |
| S&P 500 Index | 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 | 28.3% |
| Sec., Cmmdty Contracts, and Other Fin. Inv. and Rel. Act. | 10.3% |
| Other Financial Investment Activities | 6.9% |
| Real Estate | 3.9% |
| Other Investment Pools and Funds | 3.2% |
| Data Processing, Hosting, and Related Services | 3.0% |
| Management of Companies and Enterprises | 2.9% |
| Securities and Commodity Exchanges | 1.7% |
| Mining (except Oil and Gas) | 1.3% |
| Insurance Carriers and Related Activities | 0.9% |



## 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 1/1/2019 as reported in the 1/10/2019 supplement to the 4/30/2018 prospectus. The Fund's adviser has 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, 2022 and may be discontinued at any time by the Fund's adviser after May 1, 2022.

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 (1/31/06). 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. 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 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

**3Q 2019**

Horizon Kinetics Asset Management LLC

- Employee-owned, SEC-registered investment adviser, initially established in 1994.
- Manages approximately $5.2 billion in assets as of 09/30/2019.
- 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 | $15.6 million |
| Total Number of Positions* | 27 |
| 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 | 99.8% |
| Cash and Cash Equivalents | 0.1% |
| 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)

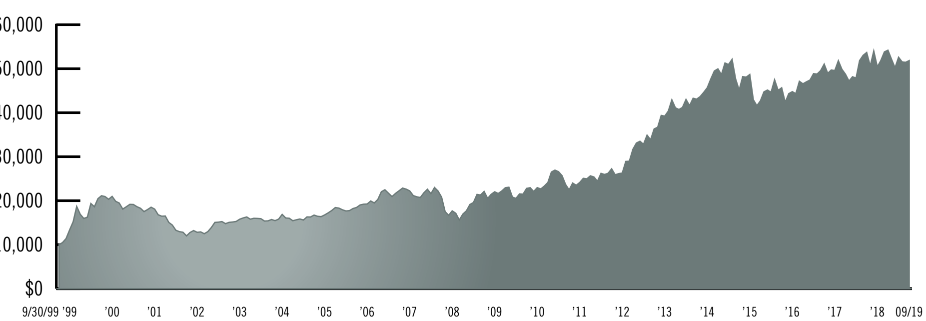
Annualized Returns as of 09/30/19

| | 3 Month | YTD | 1YR | 3YR | 5YR | 10YR | Since Inception |
|---|---|---|---|---|---|---|---|
| **Fund (MEDRX)** | -1.43% | 2.85% | -3.43% | 4.32% | 3.77% | 8.90% | 8.58% |
| S&P 500 Index | 1.70% | 20.55% | 4.25% | 13.39% | 10.84% | 13.24% | 6.33% |
| NASDAQ Composite Index | -0.09% | 20.56% | -0.58% | 14.62% | 12.23% | 14.19% | 5.49% |

*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

**$51,841**




## Top 10 Holdings (%) as of 09/30/19

| | |
|---|---|
| Merck & Company, Inc. | 8.1% |
| Novartis AG | 7.8% |
| Sanofi | 7.4% |
| Pfizer, Inc. | 7.4% |
| AstraZeneca plc | 6.9% |
| Bristol-Myers Squibb Company | 6.7% |
| Johnson & Johnson | 6.6% |
| GlaxoSmithKline plc | 6.2% |
| Eli Lilly & Company | 6.1% |
| Biogen, Inc. | 5.6% |

## Statistics

| Statistics | Fund | S&P 500 |
|---|---|---|
| Beta | 0.71 | 1.00 |
| Standard Deviation | 16.84 | 14.59 |
| Up Market Capture Ratio | 0.86 | - |
| Down Market Capture Ratio | 0.65 | - |
| Sharpe Ratio | 0.41 | 0.32 |
| Weighted Avg. Mkt. Cap. ($mil) | $127,171 | $249,713 |
| Median Market Cap. ($mil) | $56,690 | $22,731 |
| Price to Book | 4.67 | 3.18 |
| Price to Earnings | 17.45 | 20.60 |
| Return on Equity | 21.79% | 22.98% |
| Active Share | 94.51% | - |

# The Kinetics **Medical** Fund

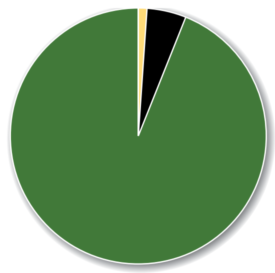
## 3Q 2019

### Historical Total Return (No-Load Class) as of 09/30/19

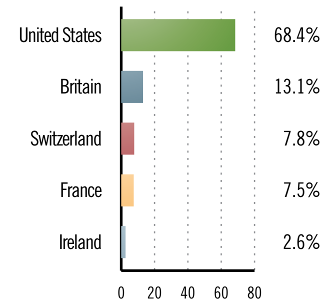
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Fund (MEDRX) | 57.04% | -13.77% | -29.14% | 23.19% | 6.96% | -0.72% | 14.81% | 15.47% | -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 | 94.7% |
| Chemical Manufacturing | 5.0% |
| Scientific Research and Development Services | 0.1% |



### Top Countries (%)

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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.

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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

**3Q 2019**

Horizon Kinetics Asset Management LLC

- Employee-owned, SEC-registered investment adviser, initially established in 1994.
- Manages approximately $5.2 billion in assets as of 09/30/2019.
- 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 | $36.1 million |
| Total Number of Positions* | 29 |
| 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 | 87.0% |
| Other Investments | 8.9% |
| Cash and Cash Equivalents | 4.1% |

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## Multi-Disciplinary Income Fund Overview

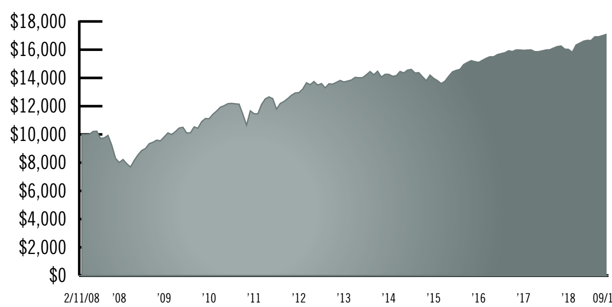
- Multi-strategy investment approach that opportunistically invests in income oriented securities and utilizes an equity option strategy which seeks to generate income and capital gains in excess of traditional fixed income indexes while assuming less interest rate risk or duration risk.
- Fixed income 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 09/30/19

| | 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% | 7.99% |
| 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% | 8.52% |
| 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% | 11.41% |

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

## Growth of $10,000 Returns Since Inception $17,080




| Statistics | Fund | Barclays Agg. |
|---|---|---|
| Beta | 0.20 | 1.00 |
| Standard Deviation | 3.92 | 3.08 |
| Up Market Capture Ratio | 0.70 | - |
| Down Market Capture Ratio | 0.06 | - |
| Sharpe Ratio | 0.75 | 0.77 |

| Recent Fund Distributions** | Fund |
|---|---|
| Sep-2019 | $0.12 |
| Jun-2019 | $0.11 |
| Mar-2019 | $0.12 |
| Dec-2018 | $0.11 |

## Fixed Income Overview

### Fixed Income Statistics

| | |
|---|---|
| Average Duration (years) | 1.79 |
| Average Maturity (years) | 2.23 |

## Top 10 Fixed Income Holdings (%) as of 09/30/19

| | |
|---|---|
| Penske Automotive Group, Inc. | 10.0% |
| Brookfield Residential Properties | 9.0% |
| Ashland, Inc. | 8.7% |
| Icahn Enterprises | 8.4% |
| Lennar Corporation | 5.7% |
| Stolt-Nielsen Limited | 5.6% |
| Lamb Weston Holdings, Inc. | 5.6% |
| The Howard Hughes Corporation | 4.8% |
| Murphy Oil Corporation | 3.4% |
| Sirius XM Radio, Inc. | 3.0% |

# Kinetics **Multi-Disciplinary Income** Fund

3Q 2019

| Performance (No-Load Class) | 3 Month | YTD | Annualized Returns as of 09/30/19 1YR | 3YR | 5YR | 10YR | Since Inception | 5 Year Standard Deviation |
|---|---|---|---|---|---|---|---|---|
| **Multi-Disciplinary Income Fund (KMDNX)** | 0.98% | 7.99% | 5.02% | 3.91% | 3.96% | 5.94% | 4.71% | 3.92% |
| BB Barclays US Agg. Bond Index | 2.27% | 8.52% | 10.30% | 2.92% | 3.38% | 3.75% | 4.01% | 3.08% |
| BB Barclays US HY Corp. Bond Index | 1.33% | 11.41% | 6.36% | 6.07% | 5.37% | 7.94% | 7.91% | 5.10% |

*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.

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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 (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.

***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 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.

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



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

# The Kinetics **Paradigm** Fund

**3Q 2019**

Horizon Kinetics Asset Management LLC

- Employee-owned, SEC-registered investment adviser, initially established in 1994.
- Manages approximately $5.2 billion in assets as of 09/30/2019.
- 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 | $757.1 million |
| Total Number of Positions* | 48 |
| 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 | 80.6% |
| Cash and Cash Equivalents | 16.7% |
| Unit Investment Trust | 2.7% |
| Other Investments | 0.0% |
| Preferred Stocks | 0.0% |

**www.kineticsfunds.com**

## Paradigm Fund Overview

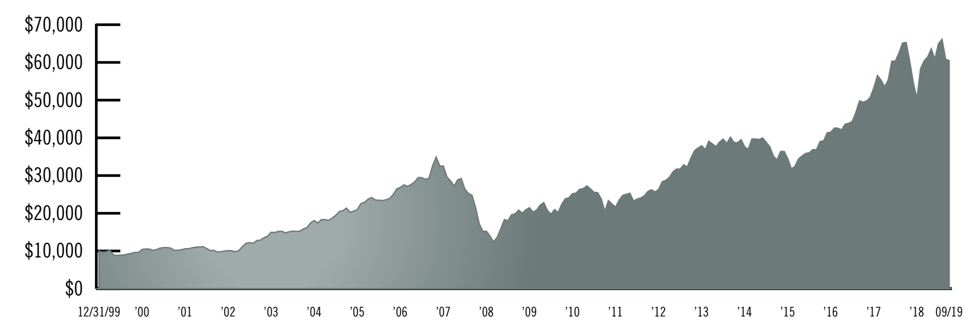
- U.S. focused global all-cap fund comprised of investments in misunderstood or underappreciated companies whose businesses exhibit long product life cycles and have substantial barriers to entry.
- Proprietary in-house research sources original investment opportunities in companies for which investors 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 09/30/19 | | | | |
|---|---|---|---|---|---|---|---|
| | 3 Month | YTD | 1YR | 3YR | 5YR | 10YR | Since Inception |
| **Fund (WWNPX)** | -6.85% | 20.09% | -7.42% | 15.73% | 9.29% | 11.24% | 9.54% |
| S&P 500 Index | 1.70% | 20.55% | 4.25% | 13.39% | 10.84% | 13.24% | 5.67% |
| MSCI ACW Index | -0.03% | 16.20% | 1.38% | 9.71% | 6.65% | 8.35% | 4.13% |

*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 **$60,471**




## Top 10 Holdings (%) as of 09/30/19

| | |
|---|---|
| Texas Pacific Land Trust | 32.8% |
| The Howard Hughes Corporation | 8.1% |
| Brookfield Asset Management, Inc. - Class A | 4.9% |
| Icahn Enterprises LP | 3.7% |
| Live Nation Entertainment, Inc. | 3.6% |
| Grayscale Bitcoin Trust | 2.7% |
| Franco-Nevada Corporation | 2.6% |
| Cboe Global Markets, Inc. | 2.6% |
| Liberty Media Corporation-Liberty SiriusXM - Class C | 2.2% |
| Markel Corporation | 2.2% |

## Statistics

| Statistics | Fund | S&P 500 |
|---|---|---|
| Beta | 0.94 | 1.00 |
| Standard Deviation | 17.36 | 14.57 |
| Up Market Capture Ratio | 1.10 | - |
| Down Market Capture Ratio | 0.89 | - |
| Sharpe Ratio | 0.45 | 0.27 |
| Weighted Avg. Mkt. Cap. ($mil) | $10,990 | $249,713 |
| Median Market Cap. ($mil) | $9,701 | $22,731 |
| Price to Book | 2.63 | 3.18 |
| Price to Earnings | 13.78 | 20.60 |
| Return on Equity | 6.28% | 22.98% |
| Active Share | 99.32% | - |

The Kinetics **Paradigm** Fund

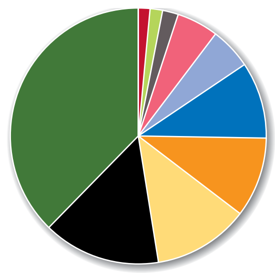
3Q 2019

## Historical Total Return (No-Load Class) as of 09/30/19

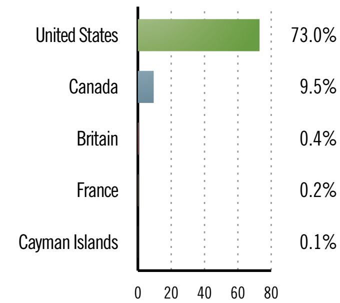
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Fund (WWNPX) | 4.00% | 2.02% | -4.62% | 47.77% | 20.93% | 16.11% | 27.81% | 21.14% | -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 | 35.8% |
| Finance and Insurance | 14.1% |
| Public Administration | 11.5% |
| Real Estate and Rental and Leasing | 9.6% |
| Information | 9.2% |
| Arts, Entertainment, and Recreation | 5.0% |
| Management of Companies and Enterprises | 5.0% |
| Accommodation and Food Services | 1.9% |
| Professional, Scientific, and Technical Services | 1.5% |
| Transportation and Warehousing | 0.4% |



## 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 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.

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# The Kinetics **Small Cap Opportunities** Fund

**3Q 2019**

## Horizon Kinetics Asset Management LLC

- Employee-owned, SEC-registered investment adviser, initially established in 1994.
- Manages approximately $5.2 billion in assets as of 09/30/2019.
- 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 | $267.7 million |
| Total Number of Positions* | 35 |
| 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 | 74.1% |
| Cash and Cash Equivalents | 24.1% |
| Unit Investment Trust | 1.2% |
| Preferred Stocks | 0.3% |
| Other Investments | 0.3% |

www.kineticsfunds.com

## 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.

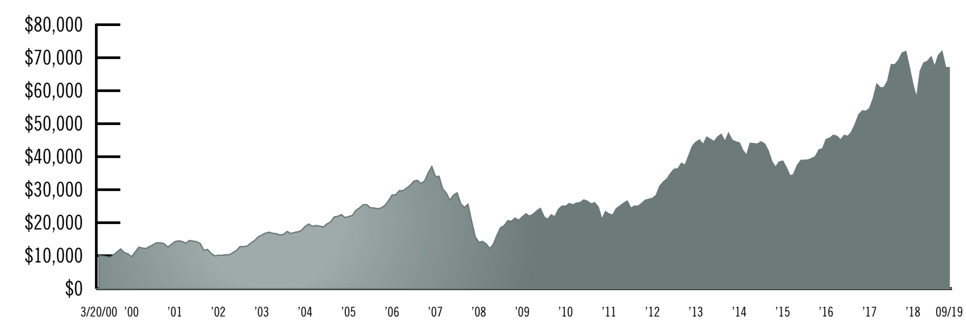
## Performance (No-Load Class)

| | 3 Month | YTD | 1YR | 3YR | 5YR | 10YR | Since Inception |
|---|---|---|---|---|---|---|---|
| | | | Annualized Returns as of 09/30/19 | | | | |
| **Fund (KSCOX)** | -5.17% | 16.05% | -6.80% | 16.78% | 8.28% | 12.08% | 10.23% |
| S&P 500 Index | 1.70% | 20.55% | 4.25% | 13.39% | 10.84% | 13.24% | 5.77% |
| S&P SmallCap 600 Index | -0.20% | 13.46% | -9.34% | 9.33% | 9.89% | 13.02% | 9.21% |

*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

**$67,001**




## Top 10 Holdings (%) as of 09/30/19

| | |
|---|---|
| Texas Pacific Land Trust | 28.9% |
| Icahn Enterprises LP | 7.2% |
| Dream Unlimited Corporation - Class A | 5.9% |
| CACI International, Inc. - Class A | 4.8% |
| The Howard Hughes Corporation | 4.6% |
| Live Nation Entertainment, Inc. | 4.1% |
| The Wendy's Company | 2.7% |
| Partners Value Investments LP | 2.5% |
| Associated Capital Group, Inc. - Class A | 2.2% |
| Rubis | 2.0% |

## Statistics

| Statistics | Fund | S&P 600 |
|---|---|---|
| Beta | 0.85 | 1.00 |
| Standard Deviation | 19.45 | 18.43 |
| Up Market Capture Ratio | 0.85 | - |
| Down Market Capture Ratio | 0.72 | - |
| Sharpe Ratio | 0.45 | 0.42 |
| Weighted Avg. Mkt. Cap. ($mil) | $5,487 | $1,879 |
| Median Market Cap. ($mil) | $1,998 | $1,114 |
| Price to Book | 2.20 | 1.71 |
| Price to Earnings | 14.11 | 17.64 |
| Return on Equity | 8.49% | 9.59% |
| Active Share | 99.24% | - |

# The Kinetics **Small Cap Opportunities** Fund

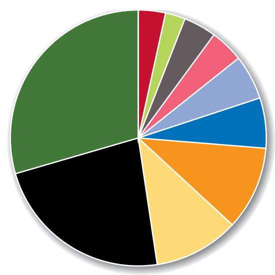
**3Q 2019**

## Historical Total Return (No-Load Class) as of 09/30/19

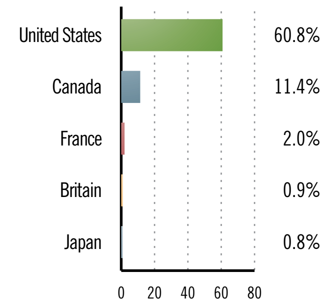
| | 2000* | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Fund (KSCOX) | 11.00% | 30.63% | -30.28% | 66.51% | 16.40% | 13.17% | 28.37% | 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 | 29.3% |
| Public Administration | 22.7% |
| Management of Companies and Enterprises | 10.7% |
| Real Estate and Rental and Leasing | 10.5% |
| Finance and Insurance | 6.3% |
| Professional, Scientific, and Technical Services | 5.6% |
| Accommodation and Food Services | 4.2% |
| Arts, Entertainment, and Recreation | 4.1% |
| Manufacturing | 2.5% |
| Transportation and Warehousing | 2.4% |



## 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 Core S&P Small-Cap 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 04/01/00. **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 04/01/00 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 04/01/00. **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 04/01/00. **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.

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

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 (3/20/00). 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. 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 Portfolio 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 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

**3Q 2019**

### Horizon Kinetics Asset Management LLC

- Employee-owned, SEC-registered investment adviser, initially established in 1994.
- Manages approximately $5.2 billion in assets as of 09/30/2019.
- 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 | $20.0 million |
| Total Number of Positions* | 33 |
| 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 | 93.8% |
| Cash and Cash Equivalents | 6.2% |

www.kineticsfunds.com

## 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.

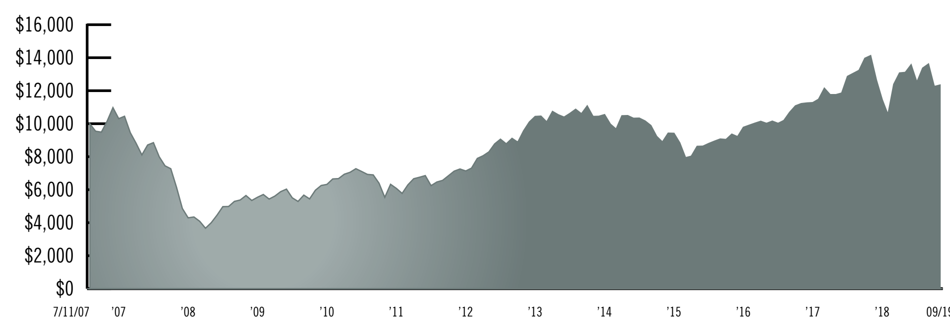
## Performance (Institutional Class)*

| | | | Annualized Returns as of 09/30/19 | | | | |
|---|---|---|---|---|---|---|---|
| | 3 Month | YTD | 1YR | 3YR | 5YR | 10YR | Since Inception |
| **Fund (LSHUX)** | -7.67% | 16.99% | -12.62% | 9.64% | 3.41% | 8.13% | 1.74% |
| S&P 500 Index | 1.70% | 20.55% | 4.25% | 13.39% | 10.84% | 13.24% | 7.93% |

*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

**$12,341**




## Top 10 Holdings (%) as of 09/30/19

| | |
|---|---|
| Texas Pacific Land Trust | 34.8% |
| Dream Unlimited Corporation - Class A | 7.3% |
| The Howard Hughes Corporation | 6.8% |
| Associated Capital Group, Inc. - Class A | 6.0% |
| PayPal Holdings, Inc. | 5.7% |
| CSW Industrials, Inc. | 5.2% |
| Cable One, Inc. | 4.7% |
| Graham Holdings Company - Class B | 4.3% |
| Welbilt, Inc. | 2.5% |
| A.P. Moeller-Maersk A/S - Class B | 2.0% |

## Statistics

| Statistics | Fund | S&P 500 |
|---|---|---|
| Beta | 1.20 | 1.00 |
| Standard Deviation | 20.32 | 14.91 |
| Up Market Capture Ratio | 1.06 | - |
| Down Market Capture Ratio | 1.41 | - |
| Sharpe Ratio | 0.07 | 0.51 |
| Weighted Avg. Mkt. Cap. ($mil) | $11,400 | $249,713 |
| Median Market Cap. ($mil) | $1,415 | $22,731 |
| Price to Book | 2.15 | 3.18 |
| Price to Earnings | 21.29 | 20.60 |
| Return on Equity | 9.55% | 22.98% |
| Active Share | 99.40% | - |

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

**3Q 2019**

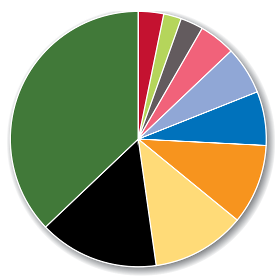
## Historical Total Return (Institutional Class)* as of 09/30/19

| | 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% |

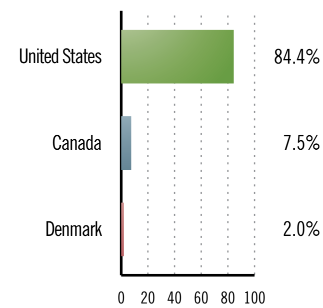
†Cumulative return from Fund's inception to year-end.

### Top 10 Sectors (%)

| | |
|---|---|
| Mining, Quarrying, and Oil and Gas Extraction | 34.8% |
| Real Estate and Rental and Leasing | 14.2% |
| Manufacturing | 11.1% |
| Information | 9.5% |
| Management of Companies and Enterprises | 6.4% |
| Admin. and Spprt. and Wst. Mgmt. and Rem. Srvcs. | 5.7% |
| Educational Services | 4.3% |
| Finance and Insurance | 2.7% |
| Public Administration | 2.1% |
| Transportation and Warehousing | 2.0% |



### 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.

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