Kinetics Mutual Funds

Second Quarter 2020 - Conference Call with Peter Doyle

July 8, 2020

Important Risk Disclosures:

Horizon Kinetics Asset Management LLC ("HKAM") is pleased to announce that on July 8, 2020, 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, everyone. This is Chris Bell, National Sales Manager. Welcome. Thank you for your time today for the Second Quarter Kinetics Mutual Fund Update Webinar. Today, Peter Doyle, Cofounder of Horizon Kinetics and President of Kinetics Mutual Funds, will give a market overview, and Portfolio Manager James Davolos will drill down into our growing emphasis on hard assets, where we find the best value, and then we'll take some of your questions. Please note that we're recording this and a replay will be available. Also, the slides will be available. Please reach out to Bob, or Mark, or Jim, or Brandon, myself, or your HRC representative, or go to www.kineticsfunds.com for updated factsheets and presentations on the individual mutual funds. Also, please do go to our homepage, www.horizonkinetics.com, for research. We have quite a few updated podcasts backing our current inflation beneficiary theme, talking about hard assets. And then we have the strategy updates as well.

Performance last quarter was great, but we're still lagging the broad market indices. But that's not what we do for you. We're very much trying to assess where the market is going, and we try to be ahead of it. And so we are very much positioned for this hard asset theme, which James will dive into. The flagship Kinetics Paradigm Fund ("Paradigm Fund") is still maintaining higher than usual cash levels; higher even than 2007. And we are maintaining our 99% active share in the Paradigm Fund. Just to note that the factsheets for the second quarter should be available in about two weeks.

At this point, I'd like to turn it over to Peter Doyle.

Peter Doyle: Thank you, Chris, and good morning to everyone; and, as Chris mentioned, thank you for taking the time to be with us today. So, I'm going to start off with making a pretty outrageous statement. And the statement is that I believe this call is going to be probably the most important call that we've had since late 2000-2001, early 2001, when we said that the tech bubble was going to implode. And I really think that we're at an inflection point, where things are likely to unwind in a very ugly way if you're not positioned properly. So, with that, I will start off.

So, let's discuss the nature of investing and, it's no secret – investing is not a hard science. It doesn't deal with the physical world. It deals more with emotions and biases. And as a result of that, as people's emotions get carried away, they take things to extremes, and that's why you have bubbles within the investment arena. I am of the belief that we are actually in a bubble right now. And it's not so readily obvious to a lot of people, but the bubble is resulting from the overwhelming success and development of the internet, which has occurred over the last 20-plus years. So, for bubbles to arise, people take ideas and they take them to extremes and that's part of the problem, and you need to avoid that. And we, as value investors, as contrarian investors, we're looking to be away from that, and that's really what we do for you as an investment organization. We're providing you with diversification away from what's going on in the mainstream and where the general consensus is.

So, why do I say that we're living with a bubble? If you followed our writings over the last ten years-plus, particularly the writings of my colleague, Murray Stahl, we've written about the rise of indexation in ETFs. And at first, we were writing about them because ETFs actually have a place and indexation really does have a place. The whole notion of indexation is to get broad exposure to an asset class and to get that exposure at a low cost, and, in all probability, that exposure will outperform most active money managers because they're trading frequently: there are fees associated with it, taxes, etc. And there's philosophically nothing wrong with that, and we've said that repeatedly. So, this is not where we come to the table with an ax to grind; this is just the reality of how we see the world.

More recently, I would say, in the last four or five years, we've been talking about anomalies and the dysfunctions of the ETFs that have arisen. So, right now, it's our contention that the vast swath of ETFs and, hence, the investment community, is in a bubble and it really is the outgrowth of the success of the internet. And what we've seen over the last 20-plus years is that the amount of wealth that has been created is staggering. You have companies like Microsoft and Facebook, etc., but it's just created tremendous wealth for a lot of people. That growth has been bolstered by the fact that basically 20-plus years ago, nobody had connectivity to the internet. Today, the world is basically connected – today, about 4.8 billion people are connected to the internet and that's roughly out of 7.7 billion people on the planet.

Now, you can only reach 100 percent of any market, so the type of growth that we've had in the last 20 years is going to slow. Further, it's likely that the vast majority of people that wanted connectivity or can readily have connectivity already have it, and the people that do not currently have it are generally probably in very poor areas and don't have the means to get it. So, the type of growth from the connectivity of the internet is going to slow – it is slowing. And as a result of that, the growth rates of a lot of companies that currently dominate ETFs and the major indices are going to slow as well. The phenomenal growth has caused many tech-centric companies to dominate widely known indices. And these widely known indices have ETFs that track them. So, I'm just going to give you an example.

Take the SPDR® S&P 500® ETF Trust ("SPDR") , as an example, the SPDR: the top five names are Microsoft, Apple, Amazon, Alphabet and Facebook. The market capitalization of Microsoft is $1.6 trillion. The market cap of Apple is $1.6 trillion. The market capitalization of Amazon is $1.5 trillion. The market capitalization of Alphabet is $1 trillion. And the laggard, Facebook, has a market capitalization of $690 billion. Now, the weighting of this in the S&P 500 Index ("S&P 500"), or the SPDR, is Microsoft is 6.08%, Apple is 5.8%, Amazon is 4.9%, Alphabet is 3.3%, and Facebook is 2.2%. So, that's 22% of the weight of the SPDR, or the S&P 500, is in five names. Now, if you want broad-based exposure, that's a lot of concentration. And the concentration really is the outgrowth of the phenomenal performance of those underlying businesses. It's not dissimilar to how many successful active managers actually outperform; the common characteristics of long-term success in active management tends to be that there are managers that allow for a high level of concentration, there's very low turnover, and the best names start rising to the top and dominating the performances. And you're starting to see that now in the largest ETFs.

The problem is that you got into an ETF to get broad exposure to an asset class, and now that exposure is starting to be very concentrated. So, now the people at S&P, the people at Invesco, the people at various investment shops, are quite aware of that, and the need to rebalance is quite evident. Now, the question is: who are you going to rebalance to, or who are you going to sell to? Since most stock prices are set at the margin and there are a lot of active managers that mirror the index, so they have this exposure anyway, there's really nobody to sell to. And if everyone wants to get out, it becomes a real problem.

So, just to highlight that even further, let's look at the Invesco QQQ Trust Series 1 ("QQQ"), which is based on the NASDAQ 100. The top five names are Apple, Microsoft, Amazon, Alphabet and Facebook. Those five names represent 46.2% of that ETF. Now, 46.2%, that's a heck of a bet. So, if you're making that type of bet, and the people that run the QQQ at Invesco are well aware of that, there's probably going to be some type of need to rebalance that. And, again, the question is: who do you sell to? Since the vast majority of people don't trade their stocks on a given day, prices are set at the margin. And if there are no buyers and there's a need to sell, prices can come down very aggressively. So, that's really the bubble that we're seeing in the market; so, let me just put that in perspective.

When I look at a company like Microsoft – again, this is not any reflection on Microsoft, and if I had a sibling, I would tell them to go get a job there; I think the company's going to do just fine as an organization, but in terms of an investment, the stock trades at 35x earnings, Apple trades at 30x earnings, Amazon trades at 143x earnings, Alphabet trades at 30x earnings, and Facebook trades at 33x earnings. Now, to put that in perspective, if you're Microsoft and you have a $1.6 trillion market capitalization and you're going to grow that, let's say, 30% per annum, that means that you need to increase your value by $480 billion. Now, just to put that in perspective, a company the size of $480 billion is Johnson & Johnson, and that's number eight in the S&P 500.

So, these companies have gotten to such a size that they not only dominate the industry, but also, they cannot possibly grow at the rates people are assigning to them in their forecasts. So, it's going to be a problem. I don't know if it's going to be today or tomorrow, but it's here. And, again, I think we're at the point where this conference call, this webinar, is among the most important that we've ever had – and this is just one leg of a problematic stool. So, now, the whole premise of indexation, obviously, as I pointed out, is to get exposure to an asset class, and now you're not getting broad exposure to an asset class; you're getting a very narrow exposure, to a handful of names. That's going to have to change in a very dramatic fashion.

So, let's go to the other extreme. The other extreme is Energy. Right now, the S&P 500 has about 3% in energy. I believe it's actually slightly below that. The largest name is Exxon Mobil. Exxon Mobil is ranked number 26 in the S&P 500 and it has a weight of 71 basis points. The next largest name is Chevron. Chevron is around 28 or 29 in the S&P 500: its weighting is 63 basis points. Now, in my investment career, Energy at one point, was 26% of the S&P 500. Today it's 3% of the S&P 500. Why has that occurred? Well, it occurred because there's a desire to move away from fossil fuels. There are a lot of advocates around the world who are basically clamoring and telling various foundations and pension plans, etc. that they should not be investing in fossil fuels. So, people have basically moved away from that sector. And as a result, it's become a very low weight in the broader indices.

Now, whatever you say about fossil fuels, and I'm all for protecting the environment and everything else like that, there is no possible way in the foreseeable future that we can move away from fossil fuels. There's something like 6,600 different products that are based on oil. And if you ever tried to stray away – if we went from using them today to not using them tomorrow, you would be in a scene, a real life scene from a *Mad Max* movie. It would be absolute chaos. I don't know how many people have gone to the grocery store recently and have looked at the shelves being destocked of paper goods, etc. You saw that. It could lead to a real problem. Take that to the next extreme, fossil fuels, and you can see how, basically, you would be living in absolute chaos if they ever tried to remove them.

So, one of the sites that I go to on a regular basis is called the Energy Information Administration and it's EIA.gov, and I encourage everyone to go there and just peruse around it for a half hour or an hour and it's very eye-opening. And what you'll see, you'll see the use of fossil fuels going back a number of years, and most people don't realize that coal – obviously, coal is probably the dirtiest fossil fuel you could possibly imagine; the consumption of coal over the last 50 years has been rising without interruption in the United States and around the world, and they've been trying to get rid of it for 50 years. So, it's very unlikely that fossil fuels are going anywhere anytime soon. And the problem is that nobody's making the investments in fossil fuels. And I want you to see how this is playing out, where there's a concentration in technology and there's avoidance of this other area in the S&P 500.

So, in 2019, daily oil production in the United States was 12.2 million barrels per day. The 2020 estimate, as a result of COVID, but that's only part of the reason, is 11.7 million barrels per day. And in 2021, the estimate is expected to be 10.9 million barrels a day. Now, this is from the Energy Information Administration site. Now, why do they predict this decline coming not only in '20 but also in 2021? Well, it's from the fact that the rig count here in the United States actually went down very substantially. Just in the last year – well, the rig count in the United States stands presently at 265. This is down 702 rigs from one year ago, or 73%. Canada's rig count is down 90% year over year. So, no money is going into drilling. In fact, they're shutting down wells, and it's going to become a real problem. And the supply is shrinking.

And we do have a fair amount of reserves in place, but most major oil companies do not even come anywhere close to replacing their current year's production. The typical major oil company ranges somewhere from the low 40% to 60% and as a result of this falloff in demand that we have had as a result of the pandemic, the investments are even lower. And, in fact, many of the auditing firms that look at these companies are forcing them to write down assets, so the investments that they're making for the future are even lower.

So, what we're seeing – and you saw this bounce-back in oil over the last several months – we're seeing a real supply disruption that's developing. And one of the ways that we think that investors should be positioned is to have exposure to energy because people are going to realize that the price of oil, much in the way that if you were thirsty at a stadium, you were happy to pay – not happy but you were willing to pay $6 per bottle of water – if the supply of oil is really restricted and the demand continues to grow, which it will, people are going to be willing to pay a much, much higher price for it. And that, in our opinion, is not too far into the future.

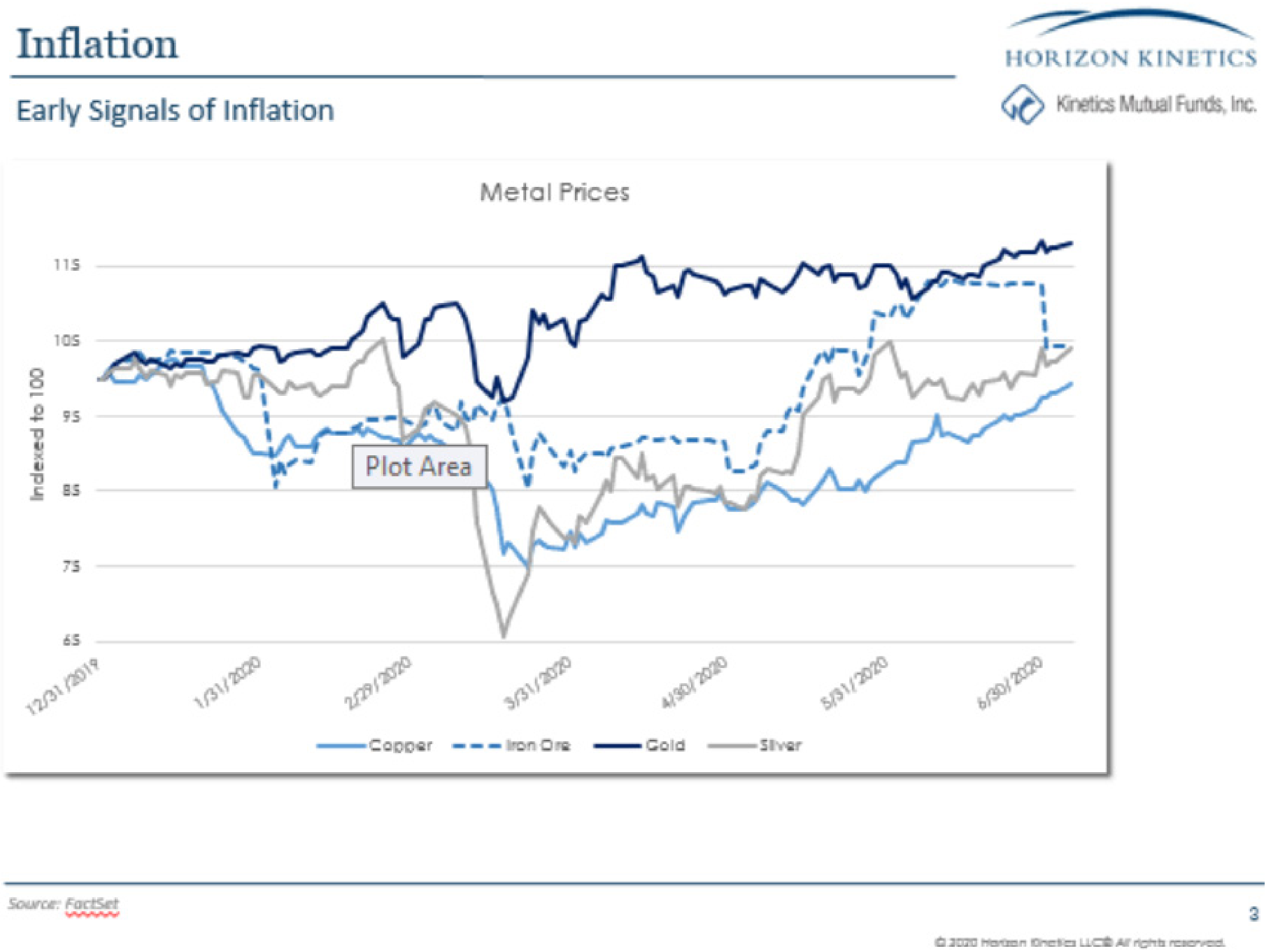
Now, we've talked about the bubble that we're seeing in ETFs, particularly in tech-centric. We talked about the avoidance of energy, what people are doing. Now, let's talk about what's going on with the finances of the nation as a whole. The entire debt of the United States – that includes federal, state, local, corporate, consumer – is now, approximately $80 trillion. It's actually – if you go to the U.S. Debt Clock, it's at $79.98 trillion. The interest on this debt is $3.81 trillion, for an average of 4.76%. If rates were to rise just by 1%, you could tack on to that $80 trillion another $800 billion of interest charges. That would represent 4% of the current U.S. GDP. Where would that money come from? It's not readily available. And, in fact, the government continues to spend more. And as an aside, the government already accounts for about 47% of the U.S. GDP. Will it become 54%? Will it become 56%? It's likely to go higher because the fiscal stimulus that they plan on doing and the packages for infrastructure are coming down and it's being negotiated in Congress right now. That's going to basically crowd out a lot of people. But they're in a position where they really can't allow interest rates to rise.

So, in fact, Jerome Powell, in the not too recent past, already said that interest rates were likely to remain low at least through the end of 2022. And the reason for that is the debt burden is so large; they can't afford interest rates to rise. Now, you couple that with the fact that the government has basically essentially printed up 3 trillion additional dollars in the last several months as the pandemic has unfolded, the money supply of the United States, as represented by M2, is up 20% year over year. And if you look at it on a total basis, it's gone from $8 trillion in 2009 to $18 trillion today. Now, what happens when there's more money sloshing around the system and supplies are limited? You have inflation. And that's what people are on the cusp of understanding in a very real way. And, in fact, as James will elaborate on as he goes through the slides, you'll see that commodities, despite the lack of demand in the recent past, commodities have actually done quite well. Gold, in particular, has done well because people are becoming concerned with that.

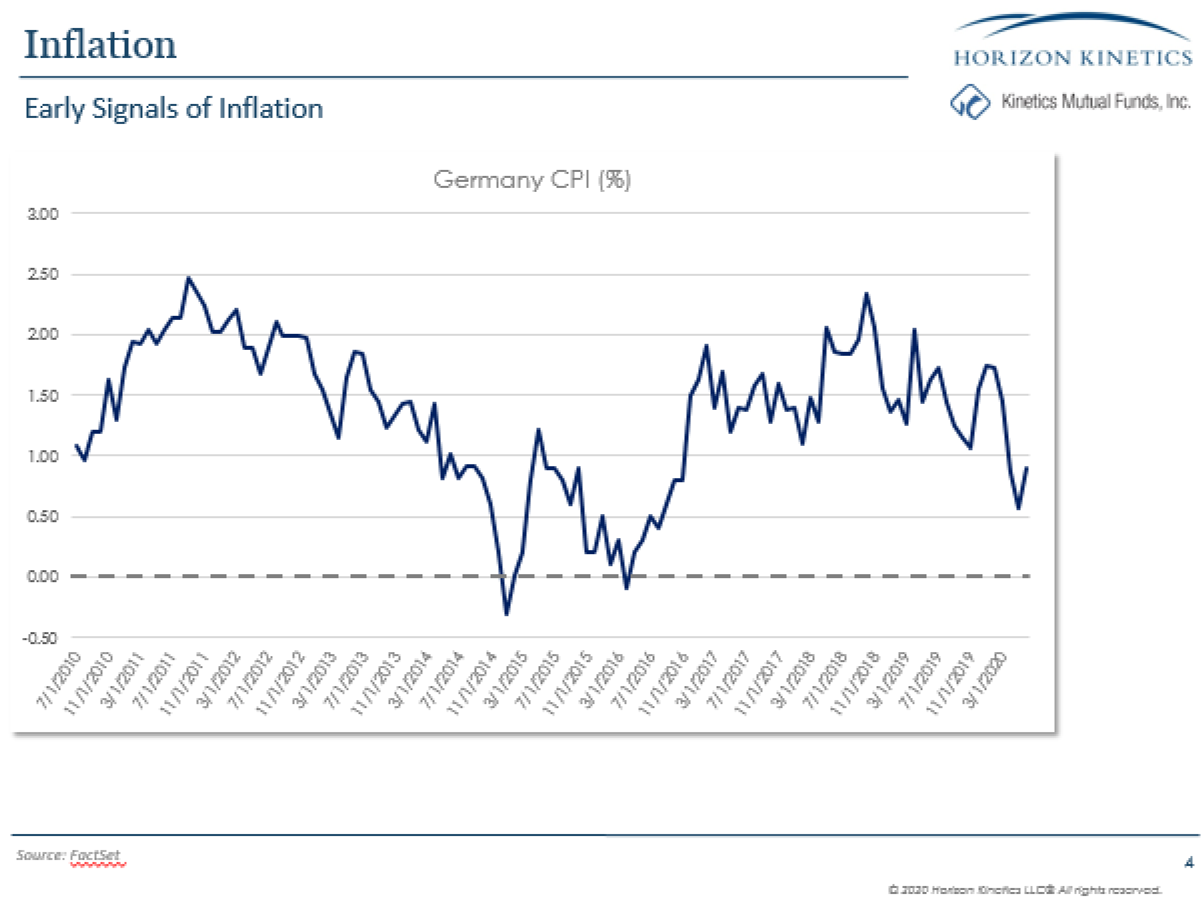
So, we have positioned our funds to benefit from that. And I don't think virtually any major institution has exposure to this, and I don't think anyone can actually replicate this if they wanted to. So, one of the things that we really do for people – and, again, we have our shortcomings but this is not one of them – we believe we truly provide you with diversification and that we truly provide you with assets and exposure to areas that are neglected in a way that makes absolutely no sense. And similar to coming out of the tech bubble, when we had a great run for 8-9 years, I believe we're on the cusp of that again. And, again, I will repeat, I believe this is going to be the most important call that we've had in 20 years and, to us at least, it seems fairly obvious. Now, I wish I could tell you the exact date of this unfolding, but you should want to have exposure to what we're doing and it makes a lot of sense. So, with that, James, I will kick it off to you.

James Davolos: Thanks Peter. So, I want to quickly go through the agenda. Peter ran through the introduction. I'm going to touch on some inflation signals where we believe that this is one of the inflection points that we're going to be experiencing that are – it's one of multiple factors that are really going to completely shift all of the allocations and return drivers that have been prevailing over the past decade-plus. Just to summarize this, and I'll go through this in more detail a little bit later – we've had inflationary pressures, increased inequality, wildly expanding debt and globalization. And a lot of those factors are going to slow, if not reverse, and that means very, very different things relative to the returns of the past 20, 10 and 5 years. But most people – and human nature is what it is – are allocating based on a chart of those returns for the last 5, 10, 15 years, which we think are completely unsustainable. Briefly, after that, we'll touch on debt levels in the world. I'll also be going into some of the Federal Reserve and government finances, finally wrapping up with rethinking exactly how to invest for inflation and the coming changing factors in the global order. And then, finally, just some interesting market observations.

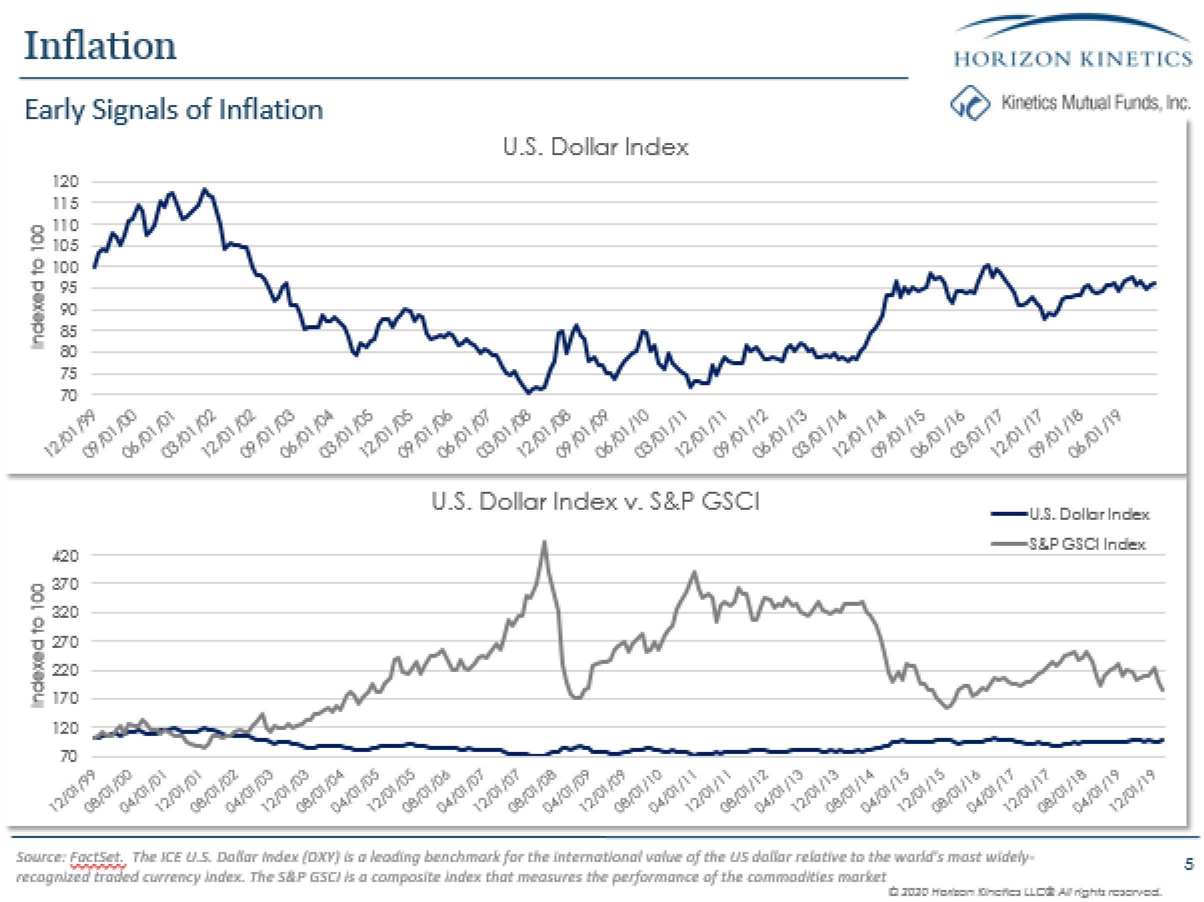
So, with that, we'll move on to some of the early signs that we're seeing in inflation.



So, bear in mind these are – you have copper and iron ore, which are industrial metals that have industrial end uses, clearly very different from the drivers in gold, which is primarily for an inflation hedge but to a lesser extent also for jewelry and things like that. Silver is having more and more industrial applications but also has that historical store of value. So, you'll notice that, in what is, for all intents and purposes, an unprecedented global economic depression, albeit, temporary and hopefully fleeting, you actually have copper prices that are flat, year to date. Silver and iron ore prices are up about 4%, and gold prices are up 18%. So, against the backdrop of what's going on more broadly in the world, with declining interest rates and with PMIs and GDPs plummeting, it's fairly telling to see these modest, albeit, positive, gains across these commodities, and then obviously gold is starting to break out. We're now above $1,800 an ounce and we'll touch on that a little bit more, later. So, when you look at non-currency related commodities – excuse me – when you look at the dollar weakening, so far it's weakening against real assets but not necessarily other currencies. The dollar's going to be a big factor as things move forward over the next couple of years.



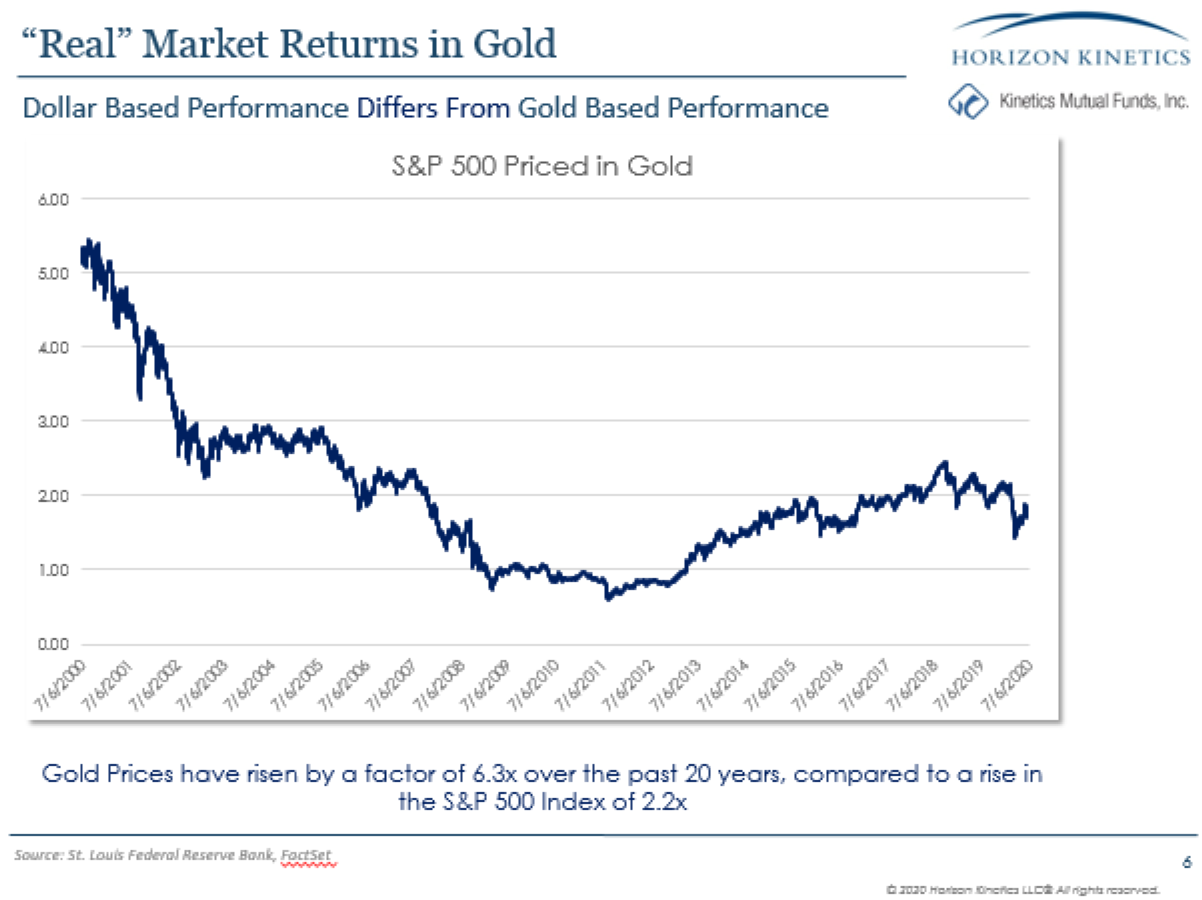
But moving on to the next slide, this might seem like a very modest inflation chart but, again, Germany is the industrial manufacturing center of Europe, and I don't need to belabor all of the structural and political and demographic hurdles that are plaguing the continent, and Germany is really subsidizing a lot of that and providing a lot of the economic firepower. Now, you can see during late 2014 and again in early 2016, they actually had negative year over year inflation rates. But now, again, in the midst of an unprecedented global shutdown, you had a Consumer Price Index number come in for the most recent reading of .9%. Again, not a crazy number in and of itself but it was well in excess of the .6% expectation. And this was mostly driven by food, which has gone up 4.4% year over year and services, which are going up 1.4% year over year. So, again, data points that really put into context exactly the inklings of what we think is going to be much more obvious in the marketplace in the coming months.



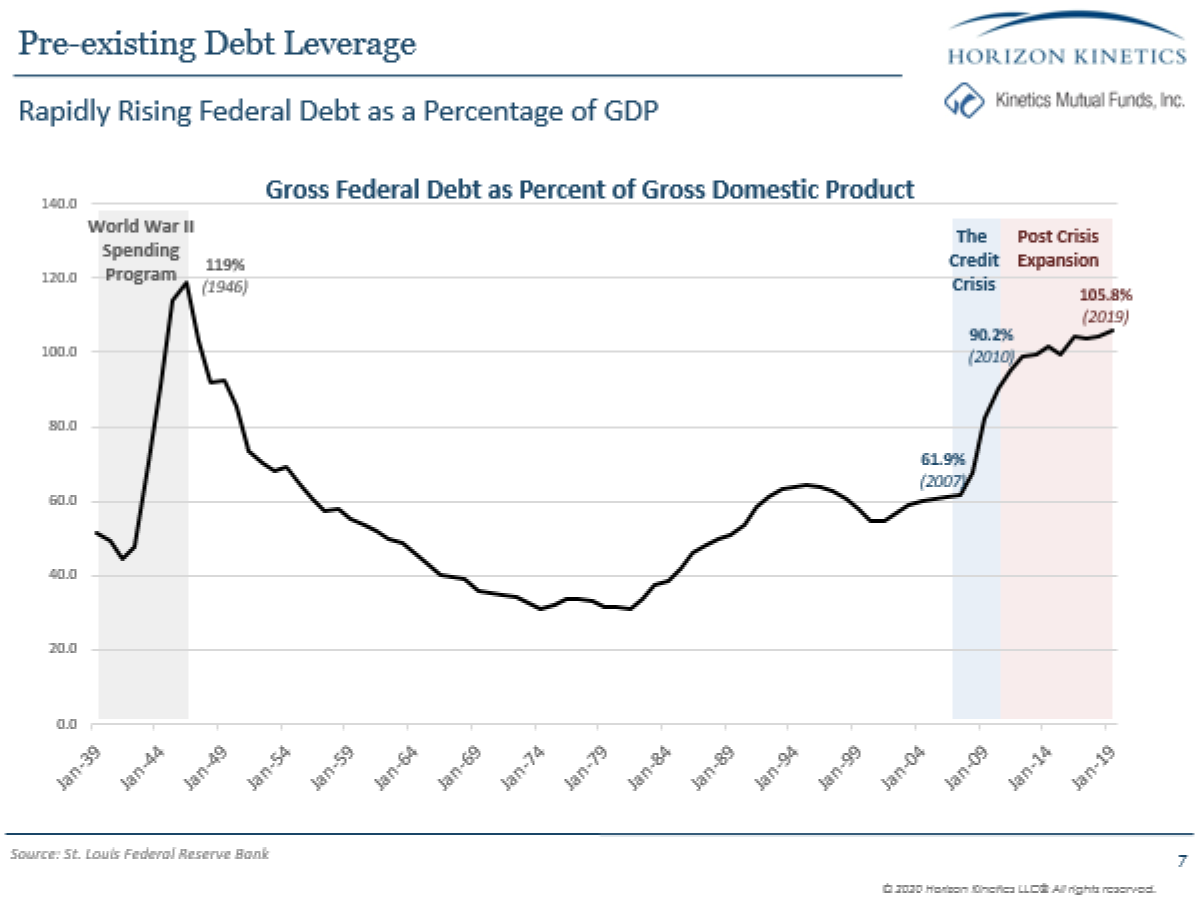
So, going on to the next slide, I mentioned earlier the importance of the dollar going forward. So, the top shows you the U.S. Dollar Index going back to 1999; this isn't the U.S. Dollar Index, DXY, – it's actually indexed to 100, although it's not dramatically different if you looked at the actual ICE Dollar Index. But you can see if you go all the way back to 1999, you know, we had a decline of about 30% in the strength of the U.S. dollar against this basket of other currencies, which, actually, if you look at the bottom chart, drove a 4.5-fold gain in the GSCI Commodity Index. After that, you can see that the big inflection point was in '07-'08, when the dollar started to rebound as the U.S. became, I guess, the strongest of the weak economies and ballooning balance sheets in the world, where the subsequent rise of the dollar of 40% resulted in about a 60% decline in the commodity basket. But the important takeaway here is that you don't necessarily need a weak dollar to promote inflation in commodities, but the dollar has definitely been a headwind over the intermediate term for"hard assets or real assets," given the fact that it makes them more expensive for buyers outside of the United States.

Now, there are a lot of different theories, competing theories, on exactly what is driving the dollar's strength, where it's quite obvious that the United States' deficit spending, political situation, and Federal

Reserve activities would certainly warrant a weaker dollar. But in some cases you could say it's the least rotten apple relative to other developed, "benchmark currencies," whether it be that of the U.K., the euro or any number of other widely accepted currencies. So, one thing that needs to be considered is – there is a strong demand for the U.S. dollar in international markets due to the fact that we have slightly higher structural rates, but also the fact that there's been a lot of support for the dollar from the Federal Reserve and then also from China, where China continues to hold about a trillion dollars of U.S. Treasuries. But in various scenarios, the undermining of the dollar could really lead to this huge breakout in what would be value stocks, hard asset stocks and basically a reversal of the prior 10-15 years of basically enabling factors for technology and all of the companies that have really imported deflation from abroad.

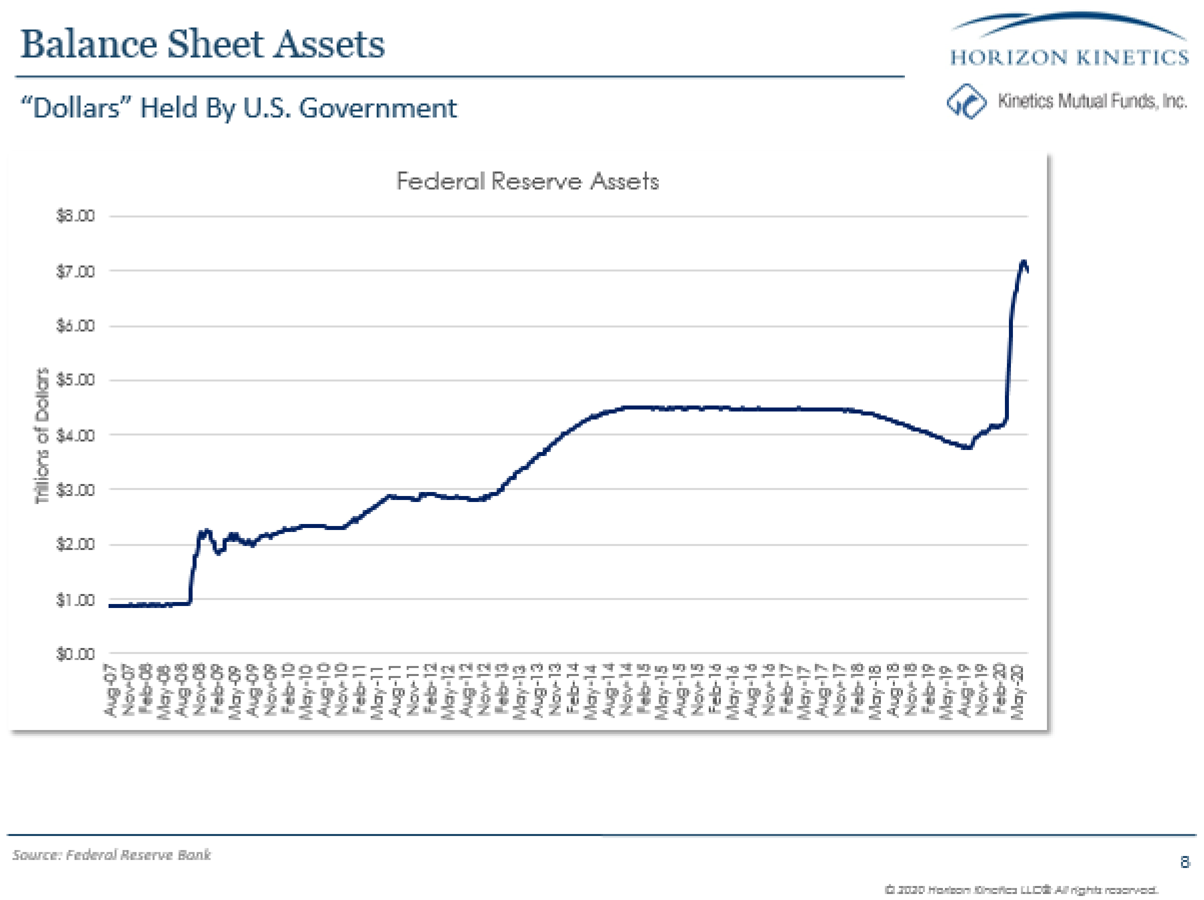


So, I can go a little bit further into this in the next slide, which shows you the performance of the S&P 500 priced in gold. So, if you look at CPI, inflation has been about 2% a year over this period. But if you go back to mid-2000, this chart basically starts right as the tech bubble was bursting – it took about 5 ounces of gold to buy one unit of the S&P 500 versus today, it takes a little bit less than 2 ounces of gold to buy one unit of the S&P 500. So, over the past 20 years, the S&P 500 from this date in July of 2000, the S&P 500 returned about 4.5%, assuming you reinvested dividends. The return in terms of gold was actually negative 5% annualized, while gold actually appreciated over this period 10%. So, there has been inflation. I think that a lot of that has really been masked by the dollar and also by exactly how the inflation rate is calculated.



So, I won't go into further detail on that, but moving on to the next slide, we get a little bit more into the debt situation in the United States where – this shows we have to look back all the way to World War II spending as the only time that we've had anything remotely close to this level of debt in the recent history of our country. And even coming out of the 2007-2008 crisis, you know, you would've thought that after a very robust market expansion, even though the economic expansion hasn't really followed suit, that going into the current economic crisis, we certainly wouldn't have been anywhere near the level of spending that we're at. But we exited the credit crisis at 90%, and we entered this current crisis at about 106%.

So, federal debt stands at about $23 trillion, which is externally held federal debt that does not include other entitlements and other expenses where, if you include underfunding in Social Security and other types of programs, you could easily get to a factor in some cases double that level. But $4.2 trillion of this debt is actually held by the Federal Reserve. I mentioned before, a trillion is held by China; $1.2 trillion is held by Japan. And over $200 million is held by each of the United Kingdom, Ireland, Luxemburg, Brazil, Hong Kong, Switzerland and Belgium. So, foreign holdings of U.S. Treasuries right now equal about $7 trillion, plus you have the $4 trillion that's held by the Fed. It seems like a fairly fragile scenario relative to the strength of the dollar and what is holding all of this – the glue of the global world order together.

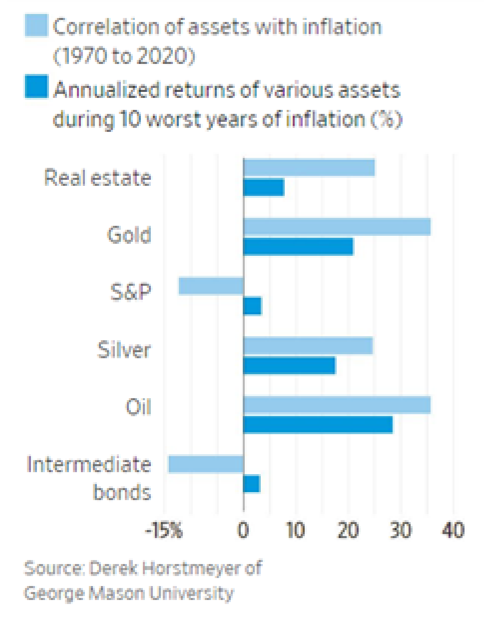


So, here, this is the "dollars" held by the U.S. government where the Federal Reserve balance sheet currently stands at $7 trillion, up from $4 trillion as they were "tapering" under the belief that they would be able to exit the quantitative easing late last year. Obviously, they reversed that policy long before the current pandemic and obviously it's gotten far more extreme since then. Notably, you have seen that they would like to see about a trillion dollars of additional stimulus come into play over the next month as they see that re-openings are taking longer. And I think that it's a fairly safe bet that this chart is going to get even higher, even though you have that slight downtick.

Rethinking Investments During Inflation

HORIZON KINETICS
Kinetics Mutual Funds, Inc.

Stocks and Bonds as Inflation Hedges



Hard assets like oil, precious metals and real estate tend to correlate with the inflation rate the most over the past 50 years.

Even oil and gold are only 0.35 correlations, and therefore are imperfect "hedges." Negative (inflation) correlations with intermediate bonds and equities (S&P 500) present a challenge to conventional portfolio allocations.

During the 10 worst years for inflation in the past half century, when the average annual inflation rate was 10%, oil delivered an average annual return of 28.4%, gold 20.9%, silver 17.5%, and real estate 7.7%.

Source: Wall Street Journal

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So, moving on to the next slide, I think that one of the things that is really interesting is that there really is not a lot of precedent for how to invest for an inflection point in inflation, weights, and all of these other factors. But there was an interesting article in the *Wall Street Journal* recently which shows what hard assets would have done through previous inflationary cycles. So, gold and oil, obviously, would be two things that come to mind as they would've been "great hedges" for inflation. But if you were to hold these spot commodities – and this is gross of any carrying costs – your correlation's only .35%. So, that can give you a positive correlation to inflation, which is actually very beneficial given the fact that the S&P 500 and intermediate bonds, both showed fairly substantial negative correlations to inflation. So, in other words, during inflationary environments, intermediate bonds and equities have negative real returns, so even a modest correlation to inflation is actually highly beneficial in a broader portfolio. I think, more importantly, during the ten worst years for inflation in the past half century, when the average inflation was very high, 10%, you saw oil at 30% annualized, gold at 21%, silver at 18%, and real estate at 8%. So, these are effective but they're imperfect.

Inflation and Indexes

Index Representation

HORIZON KINETICS
Kinetics Mutual Funds, Inc.

Historically, stocks have generally been correlated with inflation. However, one impact of the popularity of "indexation" has been a change in index weightings.

Some individual stocks have begun to dominate popular stock indices such as the S&P 500 while other entire industry groups have become much smaller*. There is insufficient market cap of inflation-beneficiary companies to accommodate even a modest reallocation to the hard-asset categories.

Weight in the S&P 500 Index

Microsoft	5.72%	Energy	3.05%
Apple	5.39%	Precious Metals	0.20%
Amazon	4.21%	Other Metals**	0.05%
Google	3.41%		
Facebook	2.24%		
Total	18.73%	***Total***	3.30%

*As of 5/21/2020, ** Other metals and minerals

The leading indexes have minimal (and declining) exposure to hard asset companies, and appear vulnerable to inflation.

Source: Data shown in the table above is based on internally calculated figures and represents the views of Horizon Kinetics LLC; however no representation has been made regarding is accuracy. Moreover, in calculating such figures, certain assumptions were made such that the estimates and opinions offered may differ from actual results.

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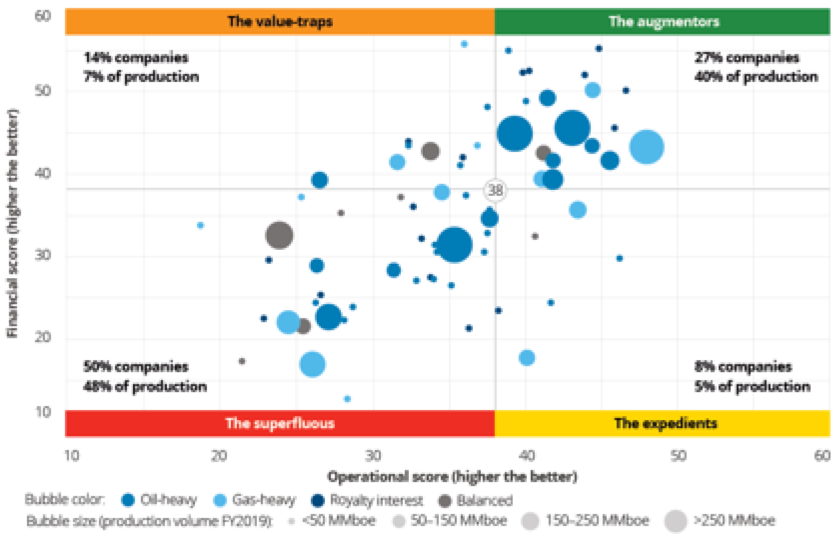
So, moving on to the next slide, the indices really have none of this. And Peter touched on this before. This is actually somewhat dated. This slide was created back in May in collaboration with Steven Bregman. But you can see that energy is only about 3%, precious metals is only about .2%, which is almost all Newmont Mining, and other metals in the S&P 500 is 0.05%. So, if you look at those factors on the previous slide, I think real estate is obviously a little bit different today, but if you look at the true hard assets with inflationary factors, you're only getting about 3% in your "broadly diversified index." Meanwhile, I don't need to repeat what Peter was saying about the concentration of technology, but the point – the takeaway here is that conventional allocations, whether it be active but closely tracking a benchmark or passive where you're exclusively in the benchmark, you have absolutely zero exposure to what very well may drive real returns over the coming decade.

Inflation Beneficiaries

Nuanced Commodity Exposure

Figure 4. Operational and financial benchmarking of US shale operators



Notes: Operational score (higher the better) is a relative normalized rank of a company's efficiency and productivity parameters such as margins per boe, investment ratio, percentage of developed reserves, etc.; financial score (higher the better) is a relative normalized rank of a company's financial resilience such as interest coverage, leverage, valuation, etc.
For more details, please refer to appendix.

Source: Deloitte analysis based on data accessed from Capital IQ database.

Source: Deloitte, "The great compression: Implications of COVID-19 for the U.S. shale industry" 11

Slide 11 is a pretty interesting representation of the nuances of how to play these sectors. So, in the last webinar, for those of you that joined, we talked about advantaged companies within the commodity ecosystem or within the commodities sector and then different types of inflation pass-through companies. So, this is a chart that was done by Deloitte, their consulting group, and it was all sourced from Cap IQ. And I'm not sure how well you can see the slides, but you can see that the moderate blue bubbles are oil-heavy exploration & production companies ("E&Ps") in the U.S., and the light blue are gas-heavy. But then the very dark blue bubbles are royalty companies, and the vertical axis is the financial score. So, the financial score basically says, what's your interest coverage? What's your leverage ratio? What's your valuation? Obviously, the higher up you go the better. The horizontal axis is the operational score. What's your capital efficiency? What are your margins per barrel? What are your reserves? What are your break-evens? So, the further to the right you go the better.

So, you'll notice a concentration as you get very high on the financial score and operational score of six royalty companies on this chart. And this is something that we've been talking about from a far more fundamental standpoint about – you really – I think it's fairly obvious that you would like to have exposure to these assets over the long term. But there are a lot of problems with traditional mining companies, gold companies, silver companies, and E&P companies, where leverage is obviously a big problem but also certain projects that were taken on at far higher prices and they have to work through all of the debt associated with that. But the benefits of the royalty business model are really shown in the augmenters bucket up there on the top right. You'll see some of the dark blue smaller circles off to the left as well. And Deloitte doesn't give all of their methodology, but I am fairly certain that these are older legacy royalty companies that are runoff businesses that are no longer – that are not really these kind of more modern, creatively growth-oriented royalty businesses.

Inflation Beneficiaries

HORIZON KINETICS
Kinetics Mutual Funds, Inc.

"Asset Light" Real Asset Companies

	Market Cap. (5/27/20)	2019 Revenue (billion $)	Employees	Revenue/ Employee	FCF (billion $)	FCF Margin
CME Group	$63.3	$4.868	4,360	$1,116,514	$2.377	48.8%
Wheaton Precious Metals	**$18.8**	**$0.861**	**39**	**$22,076,923**	**$0.499**	**58.0%**
Newmont Mining	$47.1	$9.740	16,600	$586,747	$1.757	18.0%

*Newmont Mining has an additional 15,000 contractors
** Free cash Flow calculated excluding stock based compensation

- The economics of an "asset light" hard asset company (Wheaton Precious Metals) or a security exchange (CME, which also has beneficial exposure to inflation vectors such as metals, interest rate, and agricultural commodities futures) compare extraordinarily favorably to the largest and most efficient gold mining company (Newmont Mining)
  - CME Group has amongst the highest FCF conversion rates in the (S&P 500) index
- Wheaton's revenue per employee of $22 million is over 20x the aggregate S&P 500 Index figures, while the free cash flow margin is more than 4x the operating margin of the aggregate S&P 500 Index.

Source: Data shown in the table above is based on internally calculated figures and represents the views of Horizon Kinetics LLC; however no representation has been made regarding is accuracy. Moreover, in calculating such figures, certain assumptions were made such that the estimates and opinions offered may differ from actual results.

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So, then kind of moving on to Slide 12, we can also look at some of the asset light companies. And, again, we provided more examples of this in the last webinar but this is borrowed from a webinar that we also have on – or a presentation we have on our website where, if you look at the CME Group, which is a financial exchange, they tend to benefit regardless of the market environment. In fact, a lot of their products actually have better margins and better volumes during crises. Wheaton Precious Metals ("Wheaton") is a gold and silver focused royalty company. And then Newmont Mining ("Newmont") is the lone S&P 500 representative of gold mining, which is actually a phenomenal operator, and it has amongst some of the highest returns on capital and efficiency of all of the operations. But a really interesting variable you can look at is, if you look at the trailing revenues in 2019 divided by employees, the CME generates about a million dollars per employee. Wheaton generates about $22 million an employee and Newmont does about $600,000 an employee.

The other factor we look at is the free cash flow margin, where CME's at 50%, Wheaton's at 60% and Newmont's at 20%. I mean, Newmont is actually still pretty impressive but if you look at Wheaton and CME, I think if I didn't tell you the names of these companies, other than the low employee count of Wheaton, you would think that these were these revolutionize-the-world software-as-a-service companies trading at 70x revenue. So, this really exemplifies the benefits of these asset light companies and it shows you that Wheaton's revenue per employee, in particular, of 22 million is actually 20x the aggregate S&P 500 Index figure, while the free cash flow margin is 4x the operating margin of the S&P 500. So, the profitability of these companies is really spectacular, and the ability to really harness this in an inflationary environment with these types of economics gives you the ability to really hold these companies full cycle, to allow these companies to compound.

Market Anomalies

HORIZON KINETICS
Kinetics Mutual Funds, Inc.

Divergent Markets of 2020

Index	Year-to-Date Returns	
Large Cap	-1.7%	*iShares Core S&P 500 ETF*
Small Cap	-13.4%	*iShares Russell 2000 ETF*
Growth	10.8%	*iShares Core S&P 500 Growth ETF*
Value	-15.8%	*iShares Core S&P 500 Value ETF*
Technology	16.9%	*Technology Select Sector SPDR Fund*
S&P Ex-Tech	-7.7%	*ProShares S&P 500 Ex-Technology ETF*
S&P 500	-1.7%	*iShares Core S&P 500 ETF*
S&P 500 Equal Weight	-10.8%	*Invesco S&P 500 Equal Weight ETF*

Source: FactSet, As of July 6, 2020

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So, just to wrap up, on Slide 13, Peter and I both referenced some really bizarre movements in the market year to date. I mean, this has been going on for a long time but year to date, this is through yesterday, it is really incredible. I think they get more and more startling as you go down. But small cap is down almost 13.5% versus less than 2% for large cap. Value has over 26% underperformance relative to growth; Technology is up 17% year to date in the midst of a global pandemic and depression or recession – borderline recession, while the S&P 500 without technology is down 8%. Finally, I thought this one was really interesting, and it shows the lack of diversification in the index – the S&P 500 is down 2%; whereas, if you equal weighted the S&P 500, you're down 11%. So, I think that really tells you where all of the returns are being generated from and where everybody is kind of throwing their money today. Forget for a minute the Teslas and these just speculative stocks of the world – but we believe this is just something that really cannot last.

I spoke before about these inflection points where we've had decades of deflationary pressures, rising inequality, increasing global debts, both corporate and federal, and globalization. So, probably over the next decade and fairly soon you're going to start seeing monetary policies that only benefit financial assets, and a shift toward fiscal policy. I think you're going to see more of this capital shift to a greater emphasis on labor and the working class. Globalization is already shifting towards localization, and the net effect of a lot of these policies is going to be deflation shifting towards inflation. And if you look at any of these factors and then also the strength of the dollar which, personally, I think that despite all of the demand shortage and the demand for the dollar, you're going to see the dollar eventually start to weaken as the global order shifts. All of these factors have made a perfect cocktail for large-cap growth and technology vastly outperforming, while hard assets with real returns and real assets return little to nothing. And just in closing statements, you saw it in a slide earlier it really behooves you to have nuanced exposure to these assets, given the fact that it's basically nonexistent in your benchmark.

So, with that, I'll pause for a minute and people can type in questions on their chat, or if you had sent an email in to one of your reps. And I'll pause now and see if Chris or any of the moderators had any pre-received questions.

Chris Bell: Thank you very much, James. I hope everyone can hear me. I had to switch phones. We've gotten a couple of different questions. I'd like to give this first question to Peter. "Peter, we've talked a lot about the rig count lately and how far down it is and how we sort of keep track of that and what an important indicator that is. I was wondering if you could highlight that a little bit?"

Peter Doyle: Sure. As I pointed out earlier, the rig count year over year is down 73% and we're at 265. It has been down, I think, 14 weeks in a row starting with the pandemic and it's not likely to reverse itself anytime soon because of the lack of capital that's going into that sector. So, that's really what's shaping the potential supply issues that are likely to be coming much sooner than people think. Demand is bouncing back; maybe not in the airline industry but in a lot of other areas – certainly car travel, etc., and the supply's not going to be there. So, we'll run through our reserves fairly quickly and the production is not going to be there to meet that. And you can see what can happen when there's a mismatch in a commodity that you need desperately. The price can go incredibly high. So, even though most of the oil companies are writing down assets because their auditors are telling them to use a price of oil that's substantially below what their long-term forecast is, etc., that price could be – you know, the price of oil could just go to some very high level very quickly, in my opinion.

And if you look at what's going on, China is taking this opportunity to buy up global oil reserves and they're spending a tremendous amount of money because they recognize how low the price is and they're not a naturally resource-rich country. But they're buying. But even they have a limitation. There are capacity constraints for them. Now, that's a country that could probably build capacity pretty quickly but they're well-aware that this is an anomaly that's not going to last too long.

James Davolos: And, Peter, I would just add to that, the rig count is very telling. It's a bit of a lagging indicator and it can be a little bit misleading because the efficiency of drilling has really skyrocketed in the last five years. But you've really reached the limits of that where the length of the fracks and the density of the fracks have hit a point where further efficiency gains are incredibly difficult to achieve. But you touched on it. The really striking factor is if you look at – if you go back to 2014, the last time when you had a very strong environment for energy prices, before this crisis, capital expenditures both in the U.S. and worldwide were down 50%. Now you're down another 50% off that level. So, you're effectively at less than 25% of where maintenance CapEx was at in 2014, which was a lower demand year than we have today. So, we're really setting up for what I think is going to be a prolonged shortage, and the market is starting to see that. In my opinion, it's going to probably occur in 2021 but it's anybody's guess when traders and investors start to discount that reality as short-termism shifts into looking at the reality of 2021.

Peter Doyle: So, Chris, before you go on to the next question, just to tie that into our largest position, Texas Pacific Land Trust, which I'm sure somebody'll ask a question about – and to tie it in to one of the slides James had with regard to the free cash flow margins. When you have a royalty, asset-light business that has tremendous free cash flow margins, you can use that to buy back shares, you can basically use it to make acquisitions, you can use it to do a lot of things that other companies can't do. This is what Warren Buffett talks about – owners' earnings. It's free cash flow margin. And that's really what you desire in a business. How much money can you put in your pocket on an annual basis and can you grow that? And many of the companies, particularly the dominant companies in our portfolios, really have astounding free cash flow margins. And if you hold them long enough and you compound, etc., you're going to end up with excellent rates of return.

And it now seems like the inflection point that James touched on and I touched on, it's here. Indexation is at such extreme level that it just cannot be sustained, and it avoids an exposure to certain industries that no one has exposure to, but that are likely to flourish. And you need exposure to that. And that's why I think – again, I think this is going to be, when we're able to look back on this call, this is going to be among our most important calls because we really are in a world that's changing very rapidly.

Chris Bell: Peter, along that same line, one of our very active advisors has been getting a question almost daily asking if the Texas Pacific Land Trust position, if they should worry because the industry is in such troubled times. And I think you're answering a lot of that question but this advisor specifically was mentioning if Joe Biden gets elected and the Keystone Pipeline shuts down and all these other pipelines shut down, what the effects of that will be for something like a Texas Pacific Land Trust. I know I've heard you say the answer before but I wonder if you wouldn't say it on the call.

Peter Doyle: Yeah. Just from a financial standpoint, the financial position of Texas Pacific Land Trust is impeccable. It has no debt, it has cash, it generates an abundance of cash, etc. So, in terms of its ability to weather any type of storm, it's incredible. Now, whether or not the stock will fluctuate, we all know it does. And in the short term, people vote with their feet and they do crazy things. Longer term, everything that you just mentioned, whether pipelines shut down and we have the inability to basically get production to people, that's going to cause the price to go higher for oil, and they're going to be a direct beneficiary of that. So, listen, if we had – you know as well as I do – if we had all of the money, the capital that we could, we would own 100% of Texas Pacific Land Trust. And, you know, that's a company, in our opinion, that you can go to sleep at night and wake up and feel very comfortable, even if the price is bouncing around. Long term, you saw what happened from 2014 to today, the price of oil is down very substantially and Texas Pacific Land Trust is actually up during that environment, and if you ever got to a place where – a situation where the price of oil were to go up dramatically, you're going to see how well that can perform. Yes, James?

James Davolos: To address the pipeline situation more directly, because there've been a lot of headlines regarding pipelines, one has been the Dakota Access Pipeline, which was already open and operating and providing about 500,000 barrels a day from the Bakken, which is primarily in North Dakota – you know, a federal judge ruled that they didn't do a proper environmental survey to go under a river, which, you know, I'm not an expert on environmental law and exactly what they did. But this is going to devastate the Bakken and the region – the Wyoming and North Dakota oil region, which would only benefit the other oil producing regions, primarily the Permian, which you have all state land and you have pipelines that are crossing what's basically a wasteland of desert. If you've ever been to West Texas, you know, if you took a picture at the right time of day and from the right angle, you might think it was Mars. So, I don't really have much to say in terms of the validity of the judge's challenge but Energy Transfer, the pipeline company, has requested a stay while challenging the ruling. And if they don't get the stay, they're going to request urgent relief from the ruling. Again, I'm not a lawyer.

The other headline is regarding the Keystone XL Pipeline, which is often misunderstood as well. This pipeline has three phases which are already done, which generally transport Canadian hydrocarbons from Hardisty down through Illinois and then down to Cushing and refineries and storage in Texas and Oklahoma. The Keystone XL, which is being challenged right now by crossing – basically is a diagonal crossing, which is a proposed fourth phase, which would get Canadian oil into U.S. markets and refineries, which, again, the fact that you can't get this heavier oil down to U.S. refineries and storage, if you want to shut that off, you're going to have higher spreads and higher product costs, and then higher prices for the continental producers that don't have to deal with this midstream.

The last headline that people have probably been seeing is the Atlantic Coast Pipeline, which is a natural gas pipeline that was proposed by Dominion Energy and some other utilities to bring gas down from the Marcellus. There's one political group in Virginia claiming victory, but what really happened is the cost was originally $4 billion and now it's $8 billion. And they said, forget it. Dominion was selling assets –

consequently, selling midstream transportation assets to none other than Berkshire-Hathaway yesterday. So, they're not in the business of writing $8 billion checks today. So, I think that there needs to be some objectivity into what has actually transpired. But net-net, if there is a very adverse political environment for the energy industry, it's primarily going to impact a lot of the state lands in the Bakken and to a lesser extent, the D-J Basin in Colorado, and then part of the Anadarko, the STOOP and STACK Basin in Oklahoma, where again, this all concentrates activity down into West Texas, with the most reserves, the lowest cost per barrel. And you've got the midstream infrastructure to get that to refineries and storage.

So, I hope that clarifies it. And Peter's comments earlier on the longer term set up for supply and demand – you know, even if we don't grow up 100 million barrels of global demand, we're not in a position to be supplying it long term. It is not even remotely feasible for U.S. shale to make up a potential shortfall when these companies have no capital and are basically shutting down rigs and curtailing production. No chance.

Chris Bell: Thank you, James. Agustin, I'm sure you're taking some questions.

Agustin Krisnawahjuesa: Yeah, so there's one follow-up question on Texas Pacific Land Trust. "What is the economic oil price range for TPL to receive royalties? You know, we understand that the company is a royalty company so it does not have any capital expenditure requirements, but if the customers aren't able to drill or cannot get capital to drill and produce, then Texas Pacific Land Trust will have lower royalty revenues, lower earnings and that will, in turn, lead to a lower stock price."

James Davolos: So, I think I'll answer this question two ways. One, which I think is the implied question is, what is the breakeven of these producers where they can continue to operate and continue to do business? And there's really two different metrics. One is the well level breakeven cost, which, is not a good number because it doesn't include all of the related expenses to drilling. And you can have well level costs, you know, in the core of the basin at below 20 bucks. I will direct callers to the TPL Investor deck. There are two slides which are very, very robust, which show you about 20 years of break-evens below $40, which are fully loaded. So that's amortizing and depleting all of our costs, paying your interest, paying your tax. And then you'll see another 20 years at about $40-60, and then another 10-plus years at $60-plus. So, those are fully loaded economics, and that's done by R.S. Energy.

R.S. Energy is a very reputable firm, which, they haven't played this engineering game where a lot of other companies – engineers that do reserve estimates, they win business by giving these padded estimates of recoveries. R.S. Energy chose a conservative assessment where if you look at the estimated recoveries and fully loaded break-evens, the recovery amount is far less than what operators are reporting and the breakeven is higher. So, take that for what it is.

I'll also approach the question from another angle, which is at what point is it going to be deleterious to the economics of TPL, which, I think the answer is at any price. This is ultimately – you're going to see the royalty revenue, which is 100% exposed to energy prices. So, we were at $55 a barrel, on average, last year; we're at $40 today. All else equal, that is a dilution of the earnings power of the company, but I think that's very shortsighted thinking because I think you have to look at what are the – how much of the world can sustain at $40? How much of the world can sustain at $55? How much of the world can sustain at $75? And the answer to all of those questions is not much. I mean, a lot of OPEC requires $80-plus to balance their budgets. A lot of offshore projects are just getting completely canceled below $75. So, again, it catches up at a certain point but eventually you really need – $55-60 is the absolute starting point for a healthy supplied market. But given what has happened earlier this year, I think that you're going to need something far higher than that for that question to be even considered at 100 million barrels of global demand.

Agustin Krisnawahjuesa: So for the next question, can we provide an update on Civeo?

James Davolos: Sure, I'll take that one. Civeo is an incredibly strong business where they have basically sunk all of their costs already into these villages and their structures. And, obviously, the Canadian Oil Sands, which is the Canadian business, is about 60-70 percent of revenue – is depressed currently. But these are very long cycle investments, where it's not like a shale rig or a short cycle investment where you just walk away or you curtail production. You can't really shut in production. You know, you're superheating the earth in many cases to basically extract oil sand. And to basically shut that down and start it back up is just – you don't shut it down with the intention of ever starting it back up.

So, cash flow is depressed but the silver lining is that you're basically working off of a 100-year drought in Canada. The really interesting and attractive thing is that we're seeing really, really strong results out of the metallurgical coal business in Australia. Now, this isn't thermal coal that's used for heating and utilities, which is now the bad guy in the world even though it's – it is dirty but it's also very widely used, especially in emerging markets. Met coal or coking coal is used to heat steel furnaces. And that market is actually very strong, and the Australian business is the plow horse today along with Action Catering, which is a catering business that services not only their lodges but also some copper and iron ore sites up in Northwest Australia where, hopefully, there can be some complementary business.

In terms of the more top-down strategic view – you know, Civeo is now going to form an investor panel to discuss the capital structure, where I think several investors spoke to them about prioritizing a debt pay-down and potentially turning out their debt, where you're saving a couple – like, maybe 100 basis points a year of debt by basically rolling a one-year facility, but push that out three, four, five years to give yourself a little bit more leeway. And I think if you prioritize paying down debt, where they paid down a big slug of debt earlier this year, you term out your debt, you see green shoots of a recovery in Canada, you see sustained recovery in Australia. Eventually investors can say, hey, what's the free cash flow to the equity, not worrying about the capital structure. And when you actually look at the free cash flow that could flow through to the equity, with even a modest recovery, you're talking many, many multiples of the stock's price today. So, baby steps in the right direction, hopefully turning into leaps and jumps.

Agustin Krisnawahjuesa: There's also a follow-up question on your U.S. Dollar Index slide, James. "Can you please speak further to those slides and the potential triggers for either a strengthening or weakening U.S. dollar?"

James Davolos: Sure. So, what I really wanted to communicate with this slide is that if you remember on the far left on the top, you can see when the dollar really kind of surged there from '99 to 2000, up about 15-20%. That culminated with the tech bubble bursting. And by all measures, the valuations there were utterly absurd, you know, in comparison to today. It doesn't mean that today isn't very dangerous but I think the tech bubble only compared to the Japanese bubble. There's really nothing else in modern developed market history. And that basically facilitated what was the golden age of value investing, where Warren Buffett was receiving all of the accolades and funds like Mason Hawkins at

Southeastern, Bruce Berkowitz at Fairholme, Mario Gabelli – obviously, Murray and Peter were in that conversation. But you'll notice what happened there is you saw the dollar decline from an index value of almost 120 down to at the bottom in '08 of 70, and that was really the golden age of value investing. And the interesting thing is that through that period, you actually saw rates go down and then rates increase. But I think that it was basically the fact that you didn't just have the U.S. strength relative to the rest of the world. Then you bottomed in '08 and then you basically surged from 70 up to 95 today, which has facilitated this kind of speculative bubble in terms of the lack of yields and lack of real returns elsewhere.

Now, if you were to look at kind of inflection points with the U.S. dollar, you could see the performance of value versus growth almost mirrors the Dollar Index one to one, as does the MSCI World ex US Index versus the U.S. Where that inflection point in '99, again in '08 both represented peaks in those relative ratios, I think we're coming to see an inflection point soon. Now in terms of what the triggers could be for the weaker U.S. dollar, the reason that the U.S. dollar is so strong today and the reason that there is all of this demand is that other currencies are so weak. There's a lot of news today about what I think is probably just saber rattling about the Hong Kong dollar peg. But then you also have really weak currencies in other parts of the world. But I think the EU, the UK, and certainly China and other Asian economies are saying, well, should we have alternative conduits to everybody being purely dollar-denominated, particularly in light of the expansion of the balance sheet?

So, I think that the first leg of the dollar weakening is going to be the dollar weakening against actual goods. Whether or not that's reflected in the CPI and PCE measures, but kind of the later effect is going to be the dollar weakening more broadly just as a consequence of all of the factors that have led to this hoarding of dollars and necessity to own and buy in dollars that seems to be starting to unravel.

Agustin Krisnawahjuesa: Thank you, James. The next question asked about the possibility of deflation before inflation. "It seems that interest rates and banks are suggesting deflation."

James Davolos: Sure. I think that obviously in any very dramatic economic collapse there will be deflationary pressures in various forms. I think that the aggressive and coordinated policy response worldwide is combating that. And you can already see that where there are positive CPIs across much of the world. But I think more importantly is the politics have changed relative to previous bouts of

deflationary pressures where the necessity of keeping people in their homes, keeping people in their jobs, and keeping the economic machine running is probably now stronger than it has ever been.
So, the point is, you know, we've already expanded the Fed balance sheet from $4 trillion to $7 trillion, which is just staggering. The deficits are getting worse, not better. And the ECB has said, hey, we're going to match what the U.S. has done. Japan has said, we're going to match what the U.S. has done. And on top of that they're saying there's another trillion dollar stimulus. And when you look at the divergence in the markets where, okay, you have the tech darlings but the small, the midcap, the regional, the mom and pop, the "epicenter stocks" to quote Tom Lee, of restaurants, and theatres, and bars, and anything human-oriented, they're still devastated and credit spreads are still reflecting that. So, they're just going to have to continue throwing money at this thing until you basically manufacture stimulated demand and people say, it makes no sense to sit here and hold dollars anymore. Peter?

Peter Doyle: Yeah, so I would say one of the things that maybe we miscalculated was the extent of the actions of the central banks around the world and how aggressively, as James just pointed that out. You know, literally, they're in there buying up the debt of Berkshire-Hathaway and Apple and there's no reason for them to do that. So, unfortunately, there's not a lot of like, true markets left globally where there's real true price discovery, in my opinion. And capitalism to a certain extent is not functioning the way it's supposed to be. You're supposed to have this washing out of companies that made bad capital allocations and you're not seeing that. So, we did have a very brief period of deflation in commodities – the oil price went down, obviously futures went negative for a short period of time – but it doesn't look like it's going to play out that way. And it doesn't seem like there are any limits.

You know, we're well-aware and we're very cognizant that you can actually have a continual melt-up in the technology companies. Now, I don't personally believe that's going to work out. I think there's a tremendous bubble, but it wouldn't shock me if it continued to inflate further. Absolutely. I am convinced it's going to come to a bad end and the question is timing. So, our positioning – and I think probably we should end with this – is that we're positioned for a world that's likely to change very radically in terms of inflation and where you should get your exposure and how you get your exposure. And that's really what we bring to the table for investors. And if you want more of the same, we're not the firm for you. But if you want to be off the beaten path, you want to basically have hedges outside the system, we're the right organization.

And Murray's very comfortable with this, Steve Bregman's very comfortable, James is comfortable with this, I'm very comfortable with this. And it's hard to see that the math is not backing up what we're saying. It's just a question of timing.

I think we've covered a lot. As you mentioned earlier, and Chris has mentioned in the past, you know, go to our website. Murray Stahl and Steven Bregman have done some really great presentations in the recent past that are worth listening to. A lot of things that I touched on, they went into greater depth. I'm trying to keep these calls a lot shorter. But, you know, it's certainly something to think about. And I, obviously, continue to believe in what we're doing and, again, as I said at the outset, I personally believe this is going to be among the most important calls that we've done in the history of our firm. And the last time I can remember seeing something so clearly was, literally, the tech bubble and how that was going to unfold. I think we're there here. All right, thank you very much.

Chris Bell: Thank you, Peter. Thank you everyone. I hope you have a nice day. And just to bring you back to the fact that we are recording and we will have a replay number for those of you who weren't able to listen to the entirety of the call. Thank you very much and I hope you have an enjoyable day.

[END]

The Kinetics Alternative Income Fund

2Q 2020

Horizon Kinetics Asset Management LLC

- Employee-owned, SEC-registered investment adviser, initially established in 1994.
- Manages approximately $4.1 billion in assets as of 06/30/2020.
- 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	$14.4 million
Total Number of Positions*	5
Turnover Ratio	0.00%
Minimum Purchase	$2,500

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

Portfolio Allocation

Cash or Equivalent	58.5%
Other Investments	41.5%

www.kineticsfunds.com

Alternative Income Fund Overview

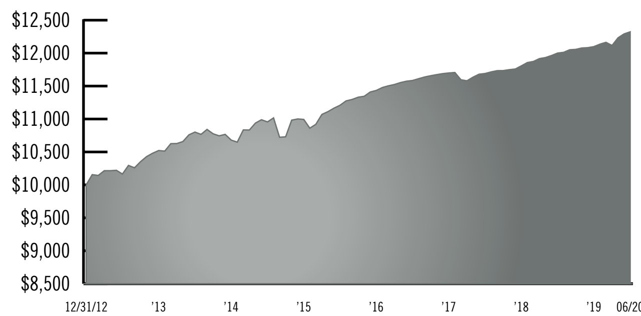
- A two-part investment strategy focused on generating income and capital gains in excess of traditional short duration, investment grade fixed income indexes.
- The strategy primarily invests in a diversified portfolio of short-term, investment grade bonds with an emphasis on liquidity, diversification, 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 06/30/20

	2013	2014	2015	2016	2017	2018	2019	YTD'20	Since 1/1/13
Fund (KWINX)	5.22%	1.50%	2.94%	4.00%	2.32%	0.92%	2.47%	1.85%	2.82%
Bloomberg Barclays US Agg. Bond Index	-2.02%	5.97%	0.55%	2.65%	3.54%	0.01%	8.72%	6.14%	3.35%
Bloomberg Barclays 1-3 Year US Credit Index	1.45%	1.12%	0.85%	2.11%	1.66%	1.64%	5.01%	2.56%	2.18%

Growth of $10,000 Returns

$12,323



Statistics

	Fund	Barclays Agg.
Beta	0.07	1.00
Standard Deviation	2.10	3.10
Sharpe Ratio	0.97	0.83

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	

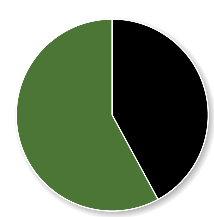
Fixed Income Overview

Fixed Income Statistics

Average Duration (years)	0.62
Average Maturity (years)	0.65

Credit Quality (%)

Cash	58.5%
A	41.5%



The Kinetics Alternative Income Fund

2Q 2020

Performance (No-Load Class)

			Annualized Returns as of 06/30/20				
	3 Month	YTD	1YR	3YR	5YR	10YR	Since Inception
Alternative Income Fund (KWINX)	1.71%	1.85%	2.68%	2.08%	2.38%	3.69%	0.73%
Bloomberg Barclays US Agg. Bond Index	2.90%	6.14%	8.74%	5.32%	4.30%	3.82%	4.67%
Bloomberg Barclays 1-3 Year US Credit Index	3.28%	2.56%	4.32%	3.22%	2.60%	2.38%	3.16%

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	2.31%	2.81%	2.06%	2.01%
Net	1.25%	1.75%	1.00%	0.80%

The Gross expense ratios listed are as of 12/31/2019 as reported in the 4/29/2020 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, 2021 and may be discontinued at any time by the Fund's adviser after May 1, 2021.

Definitions:

Average Put Option % Moneyness: % moneyness refers to a put option's strike price relative to the price of its underlying security in percentage terms. The average put option % moneyness is the average % moneyness for the option exposures weighted by each option's % of notional exposure. In-the-money (ITM) refers to a put option with a strike price that is above the underlying security's price. At-the-money (ATM) refers to a put option with a strike prices that is equal to the underlying security's price. Out-the-money (OTM) refers to a put option with a strike price that is below the underlying security's price. For example, a put option that is 5% OTM has a strike price that is 5% below the underlying security's price and a put option that is 5% ITM has a strike price that is 5% higher than the underlying security's price. **Beta:** A statistic that measures the volatility of the fund, as compared to the overall market. The market's beta is set at 1.00; therefore a beta higher than 1.00 is considered to be more volatile than the market, while a beta lower than 1.00 is considered to be less volatile. It is important to note that a low beta for a fund does not necessarily imply that the fund has a low level of volatility, a low beta signifies only that the fund's market-related risk is low. Beta has been calculated starting 12/31/12. **Delta:** A statistical measure relating the changes in an option's price to price changes of the option's underlying security. **Notional % of Portfolio with Put Options:** Represents the aggregate notional value of all written put options (strike price multiplied by the number of contracts) as a percentage of the portfolio's net assets, as of the stated date. **Sharpe Ratio:** A statistical measure that uses standard deviation and excess return to determine reward per unit of risk. A higher Sharpe ratio implies a better historical risk-adjusted performance. The Sharpe ratio has been calculated starting 12/31/12 using the 3-month treasury bill for the risk-free rate of return. **Standard Deviation:** A statistical measure of portfolio risk used to measure variability of total return around an average, over a specified period of time. The greater the standard deviation over the period, the wider the variability or range of returns and hence, the greater the fund's volatility. The standard deviation has been calculated starting 12/31/12. **Turnover Ratio:** A measure of how frequently assets within a fund are bought and sold by the managers represented over a one year period.

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

Factsheet statistics that rely on Fund data prior to January 1, 2013 will reflect the Fund's prior investment objective and restrictions and may not be indicative of the Fund's current positioning or prospective results.

In April 2019, Kinetics Asset Management LLC ("KAM") and Kinetics Advisers, LLC ("KA") reorganized into Horizon Asset Management LLC ("HAM"), following which HAM was renamed Horizon Kinetics Asset Management LLC ("HKAM"). KAM, HAM and KA were all wholly-owned subsidiaries of Horizon Kinetics LLC, and HKAM will remain a wholly-owned subsidiary. HKAM is the Fund's adviser, previously, KAM was the Fund's adviser. Neither the portfolio managers of the Fund nor the Fund's investment objective and investment strategy have changed.

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

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

You should consider the investment objectives, risks, charges and expenses of the fund carefully before investing. For a free copy of the fund's prospectus, which contains this and other information, visit our website at www.kineticsfunds.com or call 1-800-930-3828. You should read the prospectus carefully before you invest.

Past performance does not guarantee future results. You will be charged a redemption fee equal to 2.00% of the net amount of the redemption if you redeem or exchange your shares 30 days or less after you purchase them. In addition, investing in foreign securities involves more risk than just U.S. investments, including the risk of currency fluctuations, political and economic instability and differences in financial reporting standards. There may also be heightened risks investing in non-investment grade debt securities and the use of options. There are also risks associated with investing in small and medium sized companies. Non-investment grade debt securities, i.e., junk bonds, are subject to greater credit risk, price volatility and risk of loss than investment grade securities. Options contain special risks including the imperfect correlation between the value of the option and the value of the underlying asset. Unlike other investment companies that directly acquire and manage their own portfolios of securities, the Fund pursues its investment objective by investing all of its investable assets in a corresponding portfolio series of Kinetics Portfolios Trust.

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

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

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

The Kinetics **Global** Fund

2Q 2020

Horizon Kinetics Asset Management LLC

- Employee-owned, SEC-registered investment adviser, initially established in 1994.
- Manages approximately $4.1 billion in assets as of 06/30/2020.
- 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%	1.84%	2.98%
Adv. C	KGLCX	494613623	1.00%	2.34%	3.48%
No Load	WWWEX	494613805	-	1.59%	2.73%

Fund Characteristics

Total Net Assets	$14.6 million
Total Number of Positions*	37
Turnover Ratio	4%
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	49.0%
Common Stocks	40.6%
Unit Investment Trust	10.3%
Preferred Stocks	0.1%

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)

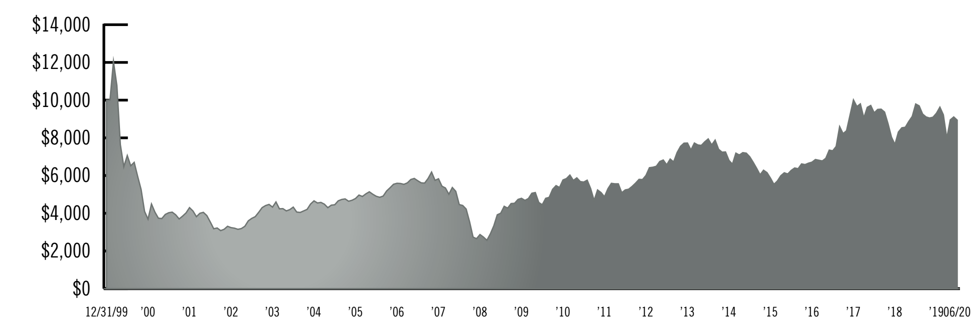
Annualized Returns as of 06/30/20

	3 Month	YTD	1YR	3YR	5YR	10YR	20YR	Since Inception
Fund (WWWEX)	12.13%	-3.92%	-8.73%	6.93%	5.02%	7.22%	1.19%	-0.54%
S&P 500 Index	20.54%	-3.08%	7.51%	10.73%	10.73%	13.99%	5.91%	5.74%
MSCI ACW Index	19.22%	-6.25%	2.11%	6.14%	6.46%	9.16%	4.33%	4.08%

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

$8,940



Top 10 Holdings (%) as of 06/30/20

Texas Pacific Land Trust	11.8%
Grayscale Bitcoin Trust	10.3%
CACI International, Inc. - Class A	5.5%
Franco-Nevada Corporation	4.6%
Wheaton Precious Metals Corporation	3.9%
Clarkson plc	2.1%
Boeing Co/The	2.0%
Brookfield Asset Management, Inc. - Class A	1.4%
Civeo Corporation	0.9%
CME Group, Inc.	0.9%

Statistics

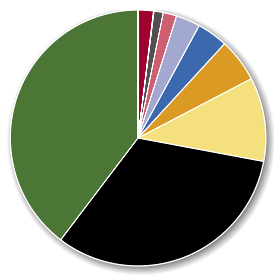
	Fund	S&P 500
Beta	0.94	1.00
Standard Deviation	21.64	15.02
Up Market Capture Ratio	0.87	-
Down Market Capture Ratio	1.11	-
Sharpe Ratio	-0.10	0.27
Weighted Avg. Mkt. Cap. ($mil)	$15,049	$388,035
Median Market Cap. ($mil)	$3,030	$21,600
Price to Book	2.01	3.34
Price to Earnings	12.70	23.10
Return on Equity	34.32%	25.55%
Active Share	99.14%	-

Historical Total Return (No-Load Class) as of 06/30/20

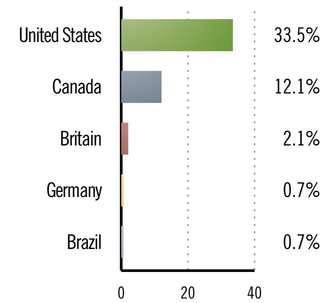
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	YTD'20
Fund (WWWEX)	-63.10%	16.53%	-24.65%	33.56%	7.67%	2.65%	16.90%	4.27%	-50.72%	66.86%	20.30%	-15.41%	23.16%	28.59%	-11.89%	-13.83%	14.40%	49.20%	-23.58%	21.61%	-3.92%
S&P 500 Index	-9.10%	-11.89%	-22.10%	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%	31.49%	-3.08%
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%	26.60%	-6.25%

Top 10 Sectors (%)

Mining, Quarrying, and Oil and Gas Extraction	20.7%
Finance and Insurance	16.9%
Professional, Scientific, and Technical Services	5.5%
Transportation and Warehousing	2.9%
Manufacturing	2.0%
Management of Companies and Enterprises	1.6%
Accommodation and Food Services	0.9%
Machinery Manufacturing	0.6%
Real Estate and Rental and Leasing	0.0%
Retail Trade	0.0%



Top Countries (%)



Definitions:

Active share: A measure of the percentage of holdings in a portfolio that differ from a benchmark index. It is calculated by taking the sum of the differences of the weight of each holding in the portfolio and the weight of each holding in the benchmark index and dividing by two. Active share is measured against the iShares S&P 500 ETF. **Beta:** A statistic that measures the volatility of the fund, as compared to the overall market. The market's beta is set at 1.00; therefore a beta higher than 1.00 is considered to be more volatile than the market, while a beta lower than 1.00 is considered to be less volatile. It is important to note that a low beta for a fund does not necessarily imply that the fund has a low level of volatility, a low beta signifies only that the fund's market-related risk is low. **Down Market Capture Ratio:** A statistical measure of an investment manager's overall performance in down-markets. The down-market capture ratio is used to evaluate how well or poorly an investment manager performed relative to an index during periods when that index has dropped. The down-market capture ratio has been calculated since inception. **Median Market Capitalization:** The median market capitalization (value of outstanding shares) of a basket of stocks. **Price to Book Ratio:** The harmonic weighted average of the price/book (P/B) ratios of the equity securities referenced. The ratio calculated by dividing the current price of the stock by the company's book value per share (assets minus liabilities). **Price to Earnings Ratio:** The harmonic weighted average of the price/earnings (P/E) ratios of the equity securities referenced. The P/E ratio is calculated by dividing the current price of the stock by the trailing one year earnings. **Return on Equity:** The amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested. **Sharpe Ratio:** A statistical measure that uses standard deviation and excess return to determine reward per unit of risk. A higher Sharpe ratio implies a better historical risk-adjusted performance. The Sharpe ratio has been calculated since inception using the 3-month treasury bill for the risk-free rate of return. **Standard Deviation:** A statistical measure of portfolio risk used to measure variability of total return around an average, over a specified period of time. The greater the standard deviation over the period, the wider the variability or range of returns and hence, the greater the fund's volatility. The standard deviation has been calculated since inception. **Turnover Ratio:** A measure of how frequently assets within a fund are bought and sold by the managers represented over a one year period. **Up Market Capture Ratio:** A statistical measure of an investment manager's overall performance in up-markets. The up-market capture ratio is used to evaluate how well an investment manager performed relative to an index during periods when that index has risen. The up-market capture ratio has been calculated since inception. **Weighted Avg. Mkt. Cap:** The mean market capitalization (value of outstanding shares) of a basket of stocks, taking into account the relative weight of each investment.

The Gross expense ratios listed are as of 12/31/2019 as reported in the 4/29/2020 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, 2021 and may be discontinued at any time by the Fund's adviser after May 1, 2021.

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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 (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.

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

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

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

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

Kinetics Mutual Funds, Inc.

We Do *Our* Research

The Kinetics **Internet** Fund

2Q 2020

Horizon Kinetics Asset Management LLC

- Employee-owned, SEC-registered investment adviser, initially established in 1994.
- Manages approximately $4.1 billion in assets as of 06/30/2020.
- 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%	2.34%	2.34%
Adv. C	KINCX	494613763	1.00%	2.84%	2.84%
No Load	WWWFX	460953102	-	2.09%	2.09%

Fund Characteristics

Total Net Assets	$112.0 million
Total Number of Positions*	30
Turnover Ratio	0.03%
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	56.3%
Cash and Cash Equivalents	25.3%
Unit Investment Trust	18.4%

www.kineticsfunds.com

Internet Fund Overview

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

Performance (No-Load Class)

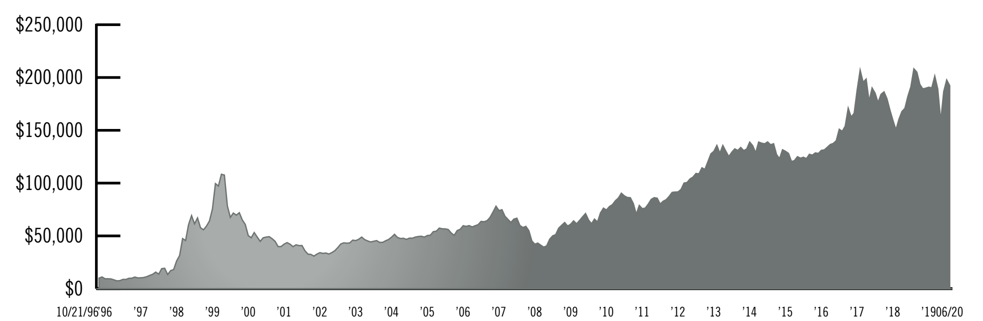
Annualized Returns as of 06/30/20

	3 Month	YTD	1YR	3YR	5YR	10YR	20YR	Since Inception
Fund (WWWFX)	21.39%	1.15%	-7.63%	8.88%	7.13%	12.09%	5.06%	13.29%
S&P 500 Index	20.54%	-3.08%	7.51%	10.73%	10.73%	13.99%	5.91%	8.45%
NASDAQ Composite Index	30.63%	12.11%	25.64%	17.88%	15.07%	16.91%	4.76%	9.25%

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

$192,331



Top 10 Holdings (%) as of 06/30/20

Grayscale Bitcoin Trust	18.4%
Texas Pacific Land Trust	11.2%
PayPal Holdings, Inc.	9.8%
CACI International, Inc. - Class A	5.7%
Alphabet, Inc. - Class A	4.1%
Alphabet, Inc. - Class C	4.0%
Visa, Inc. - Class A	3.6%
OTC Markets Group, Inc. - Class A	3.1%
MarketAxess Holdings, Inc.	2.2%
LendingTree, Inc.	2.1%

Statistics

Statistics	Fund	S&P 500
Beta	1.21	1.00
Standard Deviation	29.62	15.35
Up Market Capture Ratio	1.39	-
Down Market Capture Ratio	1.19	-
Sharpe Ratio	0.36	0.42
Weighted Avg. Mkt. Cap. ($mil)	$163,041	$388,035
Median Market Cap. ($mil)	$5,027	$21,600
Price to Book	3.18	3.34
Price to Earnings	13.21	23.10
Return on Equity	37.87%	25.55%
Active Share	93.12%	-

The Kinetics **Internet** Fund

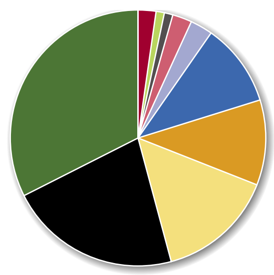
2Q 2020

Historical Total Return (No-Load Class) as of 06/30/20

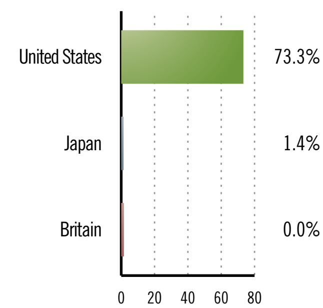
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	YTD'20
Fund (WWWFX)	-51.49%	-9.62%	-23.44%	40.11%	10.06%	-1.69%	16.49%	26.81%	-42.24%	48.61%	21.18%	-1.98%	23.24%	44.28%	-0.16%	-5.42%	2.59%	57.43%	-27.32%	26.45%	1.15%
S&P 500 Index	-9.10%	-11.89%	-22.10%	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%	31.49%	-3.08%
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%	35.23%	12.11%

Top 10 Industries (%)

Sec., Cmmdty Contracts, and Other Fin. Inv. and Rel. Act.	24.4%
Data Processing, Hosting, and Related Services	16.3%
Oil and Gas Extraction	11.2%
Other Information Services	8.1%
Professional, Scientific, and Technical Services	7.9%
Credit Intermediation and Related Activities	2.1%
Other Telecommunications	1.9%
Spectator Sports	0.8%
Promoters of Performing Arts, Sports, and Similar Events	0.8%
Other Professional, Scientific, and Technical Services	0.7%



Top Countries (%)



Definitions:

Active share: A measure of the percentage of holdings in a portfolio that differ from a benchmark index. It is calculated by taking the sum of the differences of the weight of each holding in the portfolio and the weight of each holding in the benchmark index and dividing by two. Active share is measured against the iShares S&P 500 ETF. **Beta:** A statistic that measures the volatility of the fund, as compared to the overall market. The market's beta is set at 1.00; therefore a beta higher than 1.00 is considered to be more volatile than the market, while a beta lower than 1.00 is considered to be less volatile. It is important to note that a low beta for a fund does not necessarily imply that the fund has a low level of volatility, a low beta signifies only that the fund's market-related risk is low. **Down Market Capture Ratio:** A statistical measure of an investment manager's overall performance in down-markets. The down-market capture ratio is used to evaluate how well or poorly an investment manager performed relative to an index during periods when that index has dropped. The down-market capture ratio has been calculated since 11/01/96. **Median Market Capitalization:** The median market capitalization (value of outstanding shares) of a basket of stocks. **Price to Book Ratio:** The harmonic weighted average of the price/book (P/B) ratios of the equity securities referenced. The ratio calculated by dividing the current price of the stock by the company's book value per share (assets minus liabilities). **Price to Earnings Ratio:** The harmonic weighted average of the price/earnings (P/E) ratios of the equity securities referenced. The P/E ratio is calculated by dividing the current price of the stock by the trailing one year earnings. **Return on Equity:** The amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested. **Sharpe Ratio:** A statistical measure that uses standard deviation and excess return to determine reward per unit of risk. A higher Sharpe ratio implies a better historical risk-adjusted performance. The Sharpe ratio has been calculated since 11/01/96 using the 3-month treasury bill for the risk-free rate of return. **Standard Deviation:** A statistical measure of portfolio risk used to measure variability of total return around an average, over a specified period of time. The greater the standard deviation over the period, the wider the variability or range of returns and hence, the greater the fund's volatility. The standard deviation has been calculated since 11/01/96. **Turnover Ratio:** A measure of how frequently assets within a fund are bought and sold by the managers represented over a one year period. **Up Market Capture Ratio:** A statistical measure of an investment manager's overall performance in up-markets. The up-market capture ratio is used to evaluate how well an investment manager performed relative to an index during periods when that index has risen. The up-market capture ratio has been calculated since 11/01/96. **Weighted Avg. Mkt. Cap:** The mean market capitalization (value of outstanding shares) of a basket of stocks, taking into account the relative weight of each investment.

The Gross expense ratios listed are as of 12/31/2019 as reported in the 4/29/2020 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, 2021 and may be discontinued at any time by the Fund's adviser after May 1, 2021.

In April 2019, Kinetics Asset Management LLC ("KAM") and Kinetics Advisers, LLC ("KA") reorganized into Horizon Asset Management LLC ("HAM"), following which HAM was renamed Horizon Kinetics Asset Management LLC ("HKAM"). KAM, HAM and KA were all wholly-owned subsidiaries of Horizon Kinetics LLC, and HKAM will remain a wholly-owned subsidiary. HKAM is the Fund's adviser, previously, KAM was the Fund's adviser. Neither the portfolio managers of the Fund nor the Fund's investment objective and investment strategy have changed.

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

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

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

You should consider the investment objectives, risks, charges and expenses of the fund carefully before investing. For a free copy of the fund's prospectus, which contains this and other information, visit our website at www.kineticsfunds.com or call 1-800-930-3828. You should read the prospectus carefully before you invest.

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

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

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

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

Kinetics Mutual Funds, Inc

We Do *Our* Research

The Kinetics **Market Opportunities** Fund

2Q 2020

Horizon Kinetics Asset Management LLC

- Employee-owned, SEC-registered investment adviser, initially established in 1994.
- Manages approximately $4.1 billion in assets as of 06/30/2020.
- 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%	1.76%	2.20%
Adv. C	KMKCX	494613730	1.00%	2.26%	2.70%
Inst.	KMKYX	494613615	-	1.31%	1.90%
No Load	KMKNX	494613789	-	1.51%	1.95%

Fund Characteristics

Total Net Assets	$72.3 million
Total Number of Positions*	43
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	51.8%
Cash and Cash Equivalents	39.7%
Unit Investment Trust	8.0%
Preferred Stocks	0.3%
Other Investments	0.2%

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.

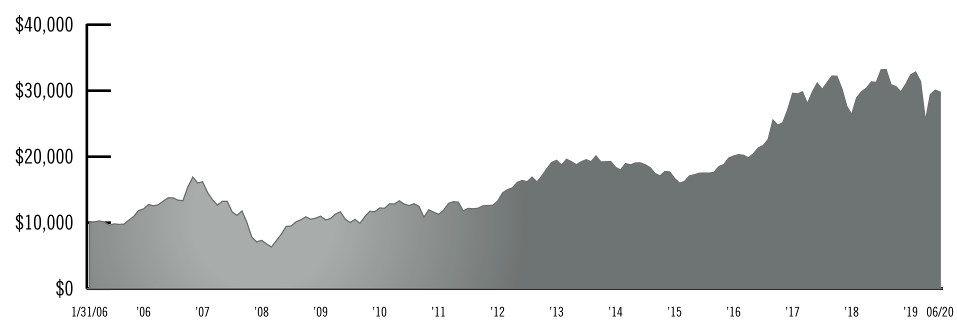
Performance (No-Load Class)

Annualized Returns as of 06/30/20

	3 Month	YTD	1YR	3YR	5YR	10YR	Since Inception
Fund (KMKNX)	17.29%	-8.05%	-10.20%	11.16%	9.65%	11.50%	7.87%
S&P 500 Index	20.54%	-3.08%	7.51%	10.73%	10.73%	13.99%	8.59%
MSCI EAFE Index	14.88%	-11.34%	-5.13%	0.81%	2.05%	5.73%	2.83%

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 $29,787



Top 10 Holdings (%) as of 06/30/20

Texas Pacific Land Trust	29.9%
Grayscale Bitcoin Trust	8.0%
Dream Unlimited Corp. - Class A	2.5%
Visa, Inc. - Class A	2.1%
Associated Capital Group, Inc. - Class A	2.0%
Partners Value Investments LP	1.9%
MasterCard, Inc. - Class A	1.6%
IntercontinentalExchange Group, Inc.	1.6%
Wheaton Precious Metals Corporation	1.4%
CME Group, Inc.	1.3%

Statistics

Statistics	Fund	S&P 500
Beta	1.10	1.00
Standard Deviation	20.06	14.94
Up Market Capture Ratio	1.12	-
Down Market Capture Ratio	1.17	-
Sharpe Ratio	0.33	0.50
Weighted Avg. Mkt. Cap. ($mil)	$31,365	$388,035
Median Market Cap. ($mil)	$3,823	$21,600
Price to Book	3.22	3.34
Price to Earnings	12.28	23.10
Return on Equity	56.27%	25.55%
Active Share	97.09%	-

The Kinetics **Market Opportunities** Fund

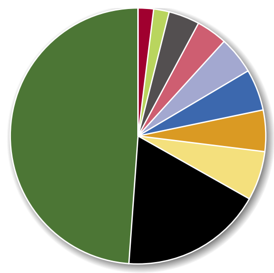
2Q 2020

Historical Total Return (No-Load Class) as of 06/30/20

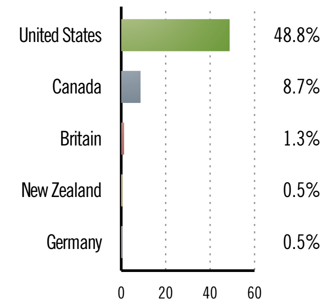
	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	YTD'20
Fund (KMKNX)	20.85%	34.03%	-54.83%	50.21%	11.31%	-7.85%	17.52%	46.74%	-5.55%	-9.11%	20.45%	47.28%	-10.86%	22.76%	-8.05%
S&P 500 Index	10.80%	5.49%	-37.00%	26.46%	15.06%	2.11%	16.00%	32.39%	13.69%	1.38%	11.96%	21.83%	-4.38%	31.49%	-3.08%
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%	22.01%	-11.34%

Top Industries (%)

Oil and Gas Extraction	29.9%
Sec., Cmmdty Contracts, and Other Fin. Inv. and Rel. Act.	11.0%
Data Processing, Hosting, and Related Services	3.8%
Other Investment Pools and Funds	3.2%
Real Estate	3.2%
Securities and Commodity Exchanges	2.9%
Mining (except Oil and Gas)	2.4%
Management of Companies and Enterprises	2.4%
Support Activities for Water Transportation	1.2%
Other Financial Investment Activities	0.2%



Top Countries (%)



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

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

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

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

Kinetics Mutual Funds, Inc

We Do *Our* Research

The Kinetics **Medical** Fund

2Q 2020

Horizon Kinetics Asset Management LLC

- Employee-owned, SEC-registered investment adviser, initially established in 1994.
- Manages approximately $4.1 billion in assets as of 06/30/2020.
- 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%	2.59%
Adv. C	KRXCX	494613755	1.00%	2.14%	3.09%
No Load	MEDRX	494613102	-	1.39%	2.34%

Fund Characteristics

Total Net Assets	$19.3 million
Total Number of Positions*	29
Turnover Ratio	7%
Investment Style	Global Equity
Market Cap Focus	All Cap
Minimum Purchase	$2,500

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

Portfolio Allocation

Common Stocks	87.9%
Cash and Cash Equivalents	12.0%
Other Investments	0.1%

Medical Fund Overview

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

Performance (No-Load Class)

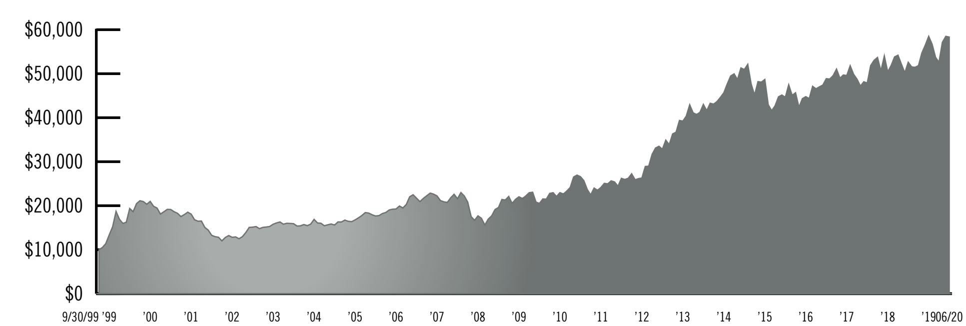
Annualized Returns as of 06/30/20

	3 Month	YTD	1YR	3YR	5YR	10YR	20YR	Since Inception
Fund (MEDRX)	10.94%	-0.26%	10.91%	6.08%	2.75%	11.01%	5.67%	8.87%
S&P 500 Index	20.54%	-3.08%	7.51%	10.73%	10.73%	13.99%	5.91%	6.38%
NASDAQ Composite Index	30.63%	12.11%	25.64%	17.88%	15.07%	16.91%	4.76%	6.46%

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

$58,333



Top 10 Holdings (%) as of 06/30/20

Eli Lilly & Company	7.2%
Bristol-Myers Squibb Company	7.2%
Novartis AG	6.4%
Johnson & Johnson	5.8%
Merck & Co., Inc.	5.6%
AstraZeneca plc	5.5%
Biogen, Inc.	5.2%
AbbVie, Inc.	5.1%
Pfizer, Inc.	5.1%
AMGEN, Inc.	4.9%

Statistics

Statistics	Fund	S&P 500
Beta	0.69	1.00
Standard Deviation	16.76	15.03
Up Market Capture Ratio	0.86	-
Down Market Capture Ratio	0.64	-
Sharpe Ratio	0.43	0.31
Weighted Avg. Mkt. Cap. ($mil)	$131,290	$388,035
Median Market Cap. ($mil)	$16,761	$21,600
Price to Book	4.98	3.34
Price to Earnings	22.09	23.10
Return on Equity	24.12%	25.55%
Active Share	94.25%	-

The Kinetics **Medical** Fund

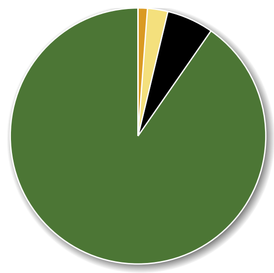
2Q 2020

Historical Total Return (No-Load Class) as of 06/30/20

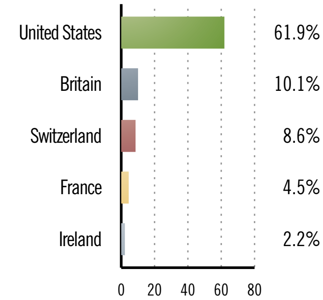
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	YTD'20
Fund (MEDRX)	57.04%	-13.77%	-29.14%	23.19%	6.96%	-0.72%	14.81%	15.47%	-20.42%	24.47%	4.30%	5.11%	8.86%	49.25%	16.44%	6.59%	-8.01%	10.71%	1.67%	16.04%	-0.26%
S&P 500 Index	-9.10%	-11.89%	-22.10%	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%	31.49%	-3.08%
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%	35.23%	12.11%

Top Industries (%)

Pharmaceutical and Medicine Manufacturing	80.3%
Chemical Manufacturing	5.3%
Research and Dev. in Biotec. (ex. Nanobiotec.)	2.3%
Scientific Research and Development Services	0.1%



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 12/31/2019 as reported in the 4/29/2020 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, 2021 and may be discontinued at any time by the Fund's adviser after May 1, 2021.

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 (9/30/99). It assumes reinvestment of capital gains and dividends. This chart is not intended to imply any future performance.

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

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

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

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

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

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

Kinetics Mutual Funds, Inc

We Do Our Research

Kinetics Multi-Disciplinary Income Fund

2Q 2020

Horizon Kinetics Asset Management LLC

- Employee-owned, SEC-registered investment adviser, initially established in 1994.
- Manages approximately $4.1 billion in assets as of 06/30/2020.
- 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	$29.3 million
Total Number of Positions*	23
Turnover Ratio	0.03%
Minimum Purchase	$2,500

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

Portfolio Allocation

Fixed Income	74.8%
Cash and Cash Equivalents	16.3%
Other Investments	8.9%

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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.

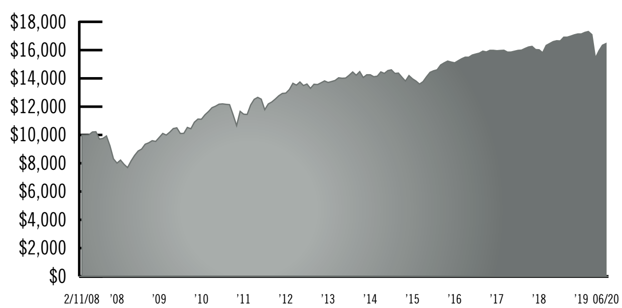
Performance (No-Load Class)

	3 Month	YTD	1YR	3YR	5YR	10YR	Since Inception	5 Year Standard Deviation
			Annualized Returns as of 06/30/20					
Multi-Disciplinary Income Fund (KMDNX)	6.64%	-4.59%	-2.68%	1.41%	2.78%	4.99%	4.11%	6.04%
BB Barclays US Agg. Bond Index	2.90%	6.14%	8.74%	5.32%	4.30%	3.82%	4.28%	3.08%
BB Barclays US HY Corp. Bond Index	10.18%	-3.80%	0.03%	3.33%	4.79%	6.68%	7.30%	7.84%

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.

Growth of $10,000 Returns Since Inception

$16,462



Statistics

	Fund	Barclays Agg.
Beta	0.45	1.00
Standard Deviation	6.04	3.08
Up Market Capture Ratio	0.84	-
Down Market Capture Ratio	1.14	-
Sharpe Ratio	0.27	1.02

Recent Fund Distributions**

	Fund
Jun-2020	$0.08
Mar-2020	$0.12
Dec-2019	$0.10
Sep-2019	$0.12

Fixed Income Overview

Fixed Income Statistics

Average Duration (years)	1.95
Average Maturity (years)	2.56

Top 10 Fixed Income Holdings (%)

as of 06/30/20

Penske Automotive Group, Inc.	12.2%
Ashland, Inc.	10.8%
Stolt-Nielsen Limited	7.1%
Lennar Corporation	6.9%
Lamb Weston Holdings, Inc.	6.8%
The Howard Hughes Corporation	5.3%
Murphy Oil Corp	4.0%
Sirius XM Radio, Inc.	3.6%
Crown Castle International Corp.	2.6%
Brookfield Residential Properties	2.2%

Historical Total Return (No-Load Class) as of 06/30/20

	2008*	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	YTD'20
Fund (KMDNX)	-17.76%	22.90%	13.04%	0.24%	15.38%	4.28%	2.46%	-2.17%	10.41%	4.75%	-1.00%	9.08%	-4.59%
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%	8.72%	6.14%
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%	14.32%	-3.80%

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

Expense Ratios by Share Class

	Adv. A	Adv. C	No Load	Inst.
Gross	2.57%	3.07%	2.32%	2.27%
Net	2.02%	2.52%	1.77%	1.57%

The Gross expense ratios listed are as of 12/31/2019 as reported in the 4/29/2020 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, 2021 and may be discontinued at any time by the Fund's adviser after May 1, 2021.

Definitions:

Beta: A statistic that measures the volatility of the fund, as compared to the overall market. The market's beta is set at 1.00; therefore a beta higher than 1.00 is considered to be more volatile than the market, while a beta lower than 1.00 is considered to be less volatile. It is important to note that a low beta for a fund does not necessarily imply that the fund has a low level of volatility, a low beta signifies only that the fund's market-related risk is low. Beta has been calculated for the past five years. **Down Market Capture Ratio:** A statistical measure of an investment manager's overall performance in down-markets. The down-market capture ratio is used to evaluate how well or poorly an investment manager performed relative to an index during periods when that index has dropped. The down-market capture ratio has been calculated for the past five years. **Sharpe Ratio:** A statistical measure that uses standard deviation and excess return to determine reward per unit of risk. A higher Sharpe ratio implies a better historical risk-adjusted performance. The Sharpe ratio has been calculated for the past five years using the 3-month treasury bill for the risk-free rate of return. **Standard Deviation:** A statistical measure of portfolio risk used to measure variability of total return around an average, over a specified period of time. The greater the standard deviation over the period, the wider the variability or range of returns and hence, the greater the fund's volatility. The standard deviation has been calculated for the past five years. **Turnover Ratio:** A measure of how frequently assets within a fund are bought and sold by the managers represented over a one year period. **Up Market Capture Ratio:** A statistical measure of an investment manager's overall performance in up-markets. The up-market capture ratio is used to evaluate how well an investment manager performed relative to an index during periods when that index has risen. The up-market capture ratio has been calculated for the past five years.

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

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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.

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

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

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

The Kinetics **Paradigm** Fund

2Q 2020

Horizon Kinetics Asset Management LLC

- Employee-owned, SEC-registered investment adviser, initially established in 1994.
- Manages approximately $4.1 billion in assets as of 06/30/2020.
- 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%	1.97%
Adv. C	KNPCX	494613821	1.00%	2.39%	2.47%
Inst.	KNPYX	494613797	-	1.44%	1.67%
No Load	WWNPX	494613607	-	1.64%	1.72%

Fund Characteristics

Total Net Assets	$592.2 million
Total Number of Positions*	43
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	75.6%
Cash and Cash Equivalents	21.2%
Unit Investment Trust	3.2%

Paradigm Fund Overview

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

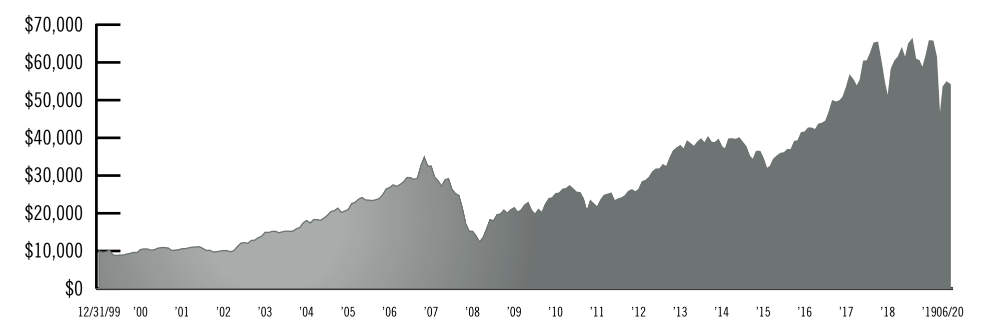
Performance (No-Load Class)

Annualized Returns as of 06/30/20

	3 Month	YTD	1YR	3YR	5YR	10YR	20YR	Since Inception
Fund (WWNPX)	21.50%	-17.65%	-16.65%	6.82%	6.87%	10.61%	9.43%	8.59%
S&P 500 Index	20.54%	-3.08%	7.51%	10.73%	10.73%	13.99%	5.91%	5.74%
MSCI ACW Index	19.22%	-6.25%	2.11%	6.14%	6.46%	9.16%	4.33%	4.08%

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 **$54,109**



Top 10 Holdings (%) as of 06/30/20

Texas Pacific Land Trust	36.0%
Brookfield Asset Management, Inc. - Class A	5.2%
Franco-Nevada Corporation	4.6%
The Howard Hughes Corporation	3.6%
Grayscale Bitcoin Trust	3.2%
Icahn Enterprises LP	2.7%
Live Nation Entertainment, Inc.	2.5%
Liberty Broadband Corporation - Series C	2.0%
The Wendy's Company	1.9%
CACI International, Inc. - Class A	1.7%

Statistics	Fund	S&P 500
Beta	1.01	1.00
Standard Deviation	18.84	15.02
Up Market Capture Ratio	1.10	-
Down Market Capture Ratio	0.94	-
Sharpe Ratio	0.37	0.27
Weighted Avg. Mkt. Cap. ($mil)	$12,364	$388,035
Median Market Cap. ($mil)	$8,362	$21,600
Price to Book	2.61	3.34
Price to Earnings	18.43	23.10
Return on Equity	44.71%	25.55%
Active Share	99.50%	-

The Kinetics **Paradigm** Fund

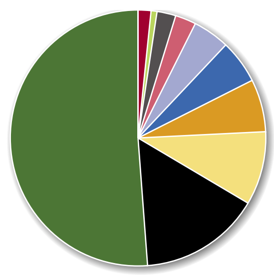
2Q 2020

Historical Total Return (No-Load Class) as of 06/30/20

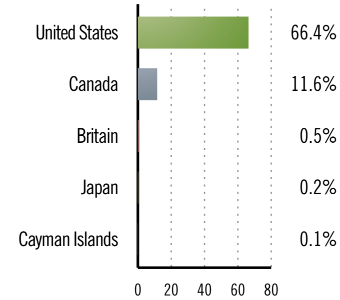
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	YTD'20
Fund (WWNPX)	4.00%	2.02%	-4.62%	47.77%	20.93%	16.11%	27.81%	21.14%	-53.17%	41.02%	17.37%	-14.27%	21.78%	44.07%	-0.79%	-8.33%	20.45%	28.41%	-5.55%	30.48%	-17.65%
S&P 500 Index	-9.10%	-11.89%	-22.10%	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%	31.49%	-3.08%
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%	26.60%	-6.25%

Top 10 Sectors (%)

Mining, Quarrying, and Oil and Gas Extraction	40.8%
Finance and Insurance	12.2%
Information	7.4%
Real Estate and Rental and Leasing	5.3%
Management of Companies and Enterprises	4.4%
Arts, Entertainment, and Recreation	3.7%
Accommodation and Food Services	2.1%
Professional, Scientific, and Technical Services	1.9%
Transportation and Warehousing	0.6%
Utilities	0.3%



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 12/31/2019 as reported in the 4/29/2020 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, 2021 and may be discontinued at any time by the Fund's adviser after May 1, 2021.

In April 2019, Kinetics Asset Management LLC ("KAM") and Kinetics Advisers, LLC ("KA") reorganized into Horizon Asset Management LLC ("HAM"), following which HAM was renamed Horizon Kinetics Asset Management LLC ("HKAM"). KAM, HAM and KA were all wholly-owned subsidiaries of Horizon Kinetics LLC, and HKAM will remain a wholly-owned subsidiary. HKAM is the Fund's adviser, previously, KAM was the Fund's adviser. Neither the portfolio managers of the Fund nor the Fund's investment objective and investment strategy have changed.

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

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

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

You should consider the investment objectives, risks, charges and expenses of the fund carefully before investing. For a free copy of the fund's prospectus, which contains this and other information, visit our website at www.kineticsfunds.com or call 1-800-930-3828. You should read the prospectus carefully before you invest.

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

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

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

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

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

Kinetics Mutual Funds, Inc

We Do *Our* Research

The Kinetics **Small Cap Opportunities** Fund

2Q 2020

Horizon Kinetics Asset Management LLC

- Employee-owned, SEC-registered investment adviser, initially established in 1994.
- Manages approximately $4.1 billion in assets as of 06/30/2020.
- 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.

Small Cap Opportunities Fund Overview

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

Performance (No-Load Class)

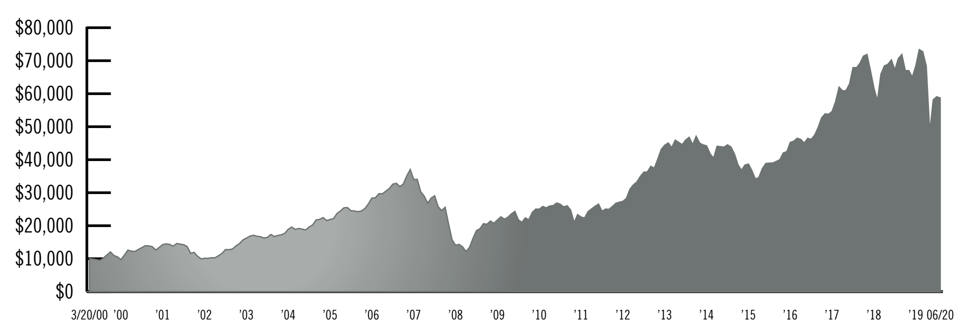
Annualized Returns as of 06/30/20

	3 Month	YTD	1YR	3YR	5YR	10YR	20YR	Since Inception
Fund (KSCOX)	22.01%	-19.95%	-16.88%	7.35%	6.03%	10.82%	9.14%	9.12%
S&P SmallCap 600 Index	21.94%	-17.85%	-11.29%	0.56%	4.48%	11.24%	8.36%	8.22%
S&P 500 Index	20.54%	-3.08%	7.51%	10.73%	10.73%	13.99%	5.91%	5.84%

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

$58,722



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%	2.01%
Adv. C	KSOCX	494613748	1.00%	2.40%	2.51%
Inst.	KSCYX	494613813	-	1.45%	1.71%
No Load	KSCOX	494613706	-	1.65%	1.76%

Fund Characteristics

Total Net Assets	$173.1 million
Total Number of Positions*	37
Turnover Ratio	1%
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	93.7%
Cash and Cash Equivalents	3.6%
Unit Investment Trust	1.7%
Preferred Stocks	0.6%
Other Investments	0.4%

Top 10 Holdings (%) as of 06/30/20

Texas Pacific Land Trust	41.0%
Dream Unlimited Corp. - Class A	8.3%
Icahn Enterprises LP	7.5%
CACI International, Inc. - Class A	7.0%
The Wendy's Company	4.3%
Associated Capital Group, Inc. - Class A	3.8%
Partners Value Investments LP	3.4%
Live Nation Entertainment, Inc.	3.2%
The Howard Hughes Corporation	2.6%
Rubis SCA	2.5%

Statistics

Statistics	Fund	S&P 600
Beta	0.89	1.00
Standard Deviation	20.89	19.21
Up Market Capture Ratio	0.87	-
Down Market Capture Ratio	0.74	-
Sharpe Ratio	0.36	0.35
Weighted Avg. Mkt. Cap. ($mil)	$4,443	$1,794
Median Market Cap. ($mil)	$2,175	$967
Price to Book	2.27	1.46
Price to Earnings	11.52	17.24
Return on Equity	43.38%	9.31%
Active Share	99.48%	-

The Kinetics **Small Cap Opportunities** Fund

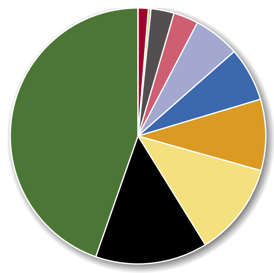
2Q 2020

Historical Total Return (No-Load Class) as of 06/30/20

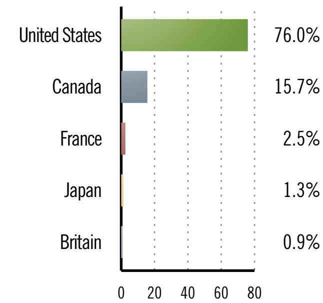
	2000*	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	YTD'20
Fund (KSCOX)	11.00%	30.63%	-30.28%	66.51%	16.40%	13.17%	28.37%	19.65%	-57.88%	58.16%	13.86%	-13.65%	26.74%	59.40%	-7.28%	-12.26%	24.39%	26.23%	0.29%	27.06%	-19.95%
S&P SmallCap 600 Index	4.27%	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%	22.78%	-17.85%
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%	31.49%	-3.08%

Top 10 Sectors (%)

Sector	%
Mining, Quarrying, and Oil and Gas Extraction	41.2%
Management of Companies and Enterprises	13.1%
Real Estate and Rental and Leasing	10.9%
Professional, Scientific, and Technical Services	8.3%
Finance and Insurance	6.3%
Accommodation and Food Services	5.4%
Transportation and Warehousing	2.9%
Manufacturing	2.7%
Wholesale Trade	0.3%
Information	0.2%



Top Countries (%)



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

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

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

Kinetics Mutual Funds, Inc
We Do *Our* Research

The Kinetics Spin-off and Corporate Restructuring Fund

2Q 2020

Horizon Kinetics Asset Management LLC

- Employee-owned, SEC-registered investment adviser, initially established in 1994.
- Manages approximately $4.1 billion in assets as of 06/30/2020.
- 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	$14.7 million
Total Number of Positions*	31
Turnover Ratio	0.07%
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	98.8%
Cash and Cash Equivalents	1.2%

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)*

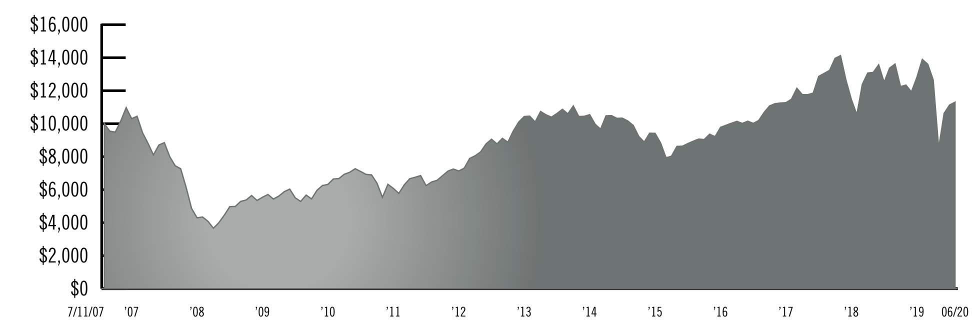
Annualized Returns as of 06/30/20

	3 Month	YTD	1YR	3YR	5YR	10YR	Since Inception
Fund (LSHUX)	32.89%	-18.67%	-15.44%	3.50%	2.15%	7.89%	0.95%
S&P 500 Index	20.54%	-3.08%	7.51%	10.73%	10.73%	13.99%	7.92%

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

$11,303



Top 10 Holdings (%) as of 06/30/20

Texas Pacific Land Trust	42.9%
PayPal Holdings, Inc.	13.2%
Dream Unlimited Corp. - Class A	9.0%
Associated Capital Group, Inc. - Class A	8.1%
CSW Industrials, Inc.	6.8%
The Howard Hughes Corporation	2.6%
Liberty Broadband Corporation - Series A	2.5%
Graham Holdings Company - Class B	2.3%
Capital Southwest Corporation	1.6%
Masco Corporation	1.3%

Statistics

	Fund	S&P 500
Beta	1.31	1.00
Standard Deviation	23.19	15.59
Up Market Capture Ratio	1.10	-
Down Market Capture Ratio	1.47	-
Sharpe Ratio	0.03	0.49
Weighted Avg. Mkt. Cap. ($mil)	$30,528	$388,035
Median Market Cap. ($mil)	$1,015	$21,600
Price to Book	2.26	3.34
Price to Earnings	13.33	23.10
Return on Equity	43.59%	25.55%
Active Share	99.10%	-

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

2Q 2020

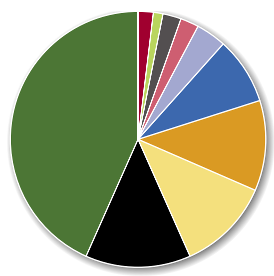
Historical Total Return (Institutional Class)* as of 06/30/20

	2007†	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	YTD'20
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%	31.74%	-18.67%
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%	31.49%	-3.08%

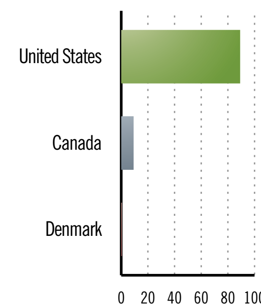
†Cumulative return from Fund's inception to year-end.

Top 10 Sectors (%)

Sector	%
Mining, Quarrying, and Oil and Gas Extraction	42.9%
Admin. and Spprt. and Wst. Mgmt. and Rem. Srvcs.	13.2%
Real Estate and Rental and Leasing	11.7%
Manufacturing	11.3%
Management of Companies and Enterprises	8.4%
Information	3.8%
Educational Services	2.3%
Finance and Insurance	2.3%
Arts, Entertainment, and Recreation	1.2%
Accommodation and Food Services	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 12/31/2019 as reported in the 4/29/2020 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, 2021 and may be discontinued at any time by the Fund's adviser after May 1, 2021.

In April 2019, Kinetics Asset Management LLC ("KAM") and Kinetics Advisers, LLC ("KA") reorganized into Horizon Asset Management LLC ("HAM"), following which HAM was renamed Horizon Kinetics Asset Management LLC ("HKAM"). KAM, HAM and KA were all wholly-owned subsidiaries of Horizon Kinetics LLC, and HKAM will remain a wholly-owned subsidiary. HKAM is the Fund's adviser, previously, KAM was the Fund's adviser. Neither the portfolio managers of the Fund nor the Fund's investment objective and investment strategy have changed.

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

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

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

You should consider the investment objectives, risks, charges and expenses of the fund carefully before investing. For a free copy of the fund's prospectus, which contains this and other information, visit our website at www.kineticsfunds.com or call 1-800-930-3828. You should read the prospectus carefully before you invest.

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

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

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

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