Kinetics Mutual Funds, Inc.

Second Quarter 2026 – Webinar Update

July 16, 2026

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Certain funds mentioned herein provide exposure to bitcoin. The value of bitcoin is determined by the supply of and demand for bitcoin in the global market for the trading of bitcoin, 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 bitcoin in the retail and commercial marketplace in comparison to the relatively large use of bitcoin 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 bitcoin may be irretrievable. As a result, any incorrectly executed bitcoin

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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-sized companies. Unlike other investment companies that directly acquire and manage their own portfolios of securities, the Funds pursue their investment objectives by investing all their investable assets in a corresponding portfolio series of Kinetics Portfolio Trust.

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 500 Value Index represents constituents from the S&P 500 that are classified as value stocks based on three factors: the ratios of book value, earnings, and sales to price. The S&P 500 Growth Index measures constituents from the S&P 500 that are classified as growth stocks based on three factors: sales growth, ratio of earnings change to price, and momentum. The Bloomberg U.S. Aggregate Bond Index is a broad-based, market capitalization-weighted bond market index representing intermediate term investment grade bonds traded in the U.S. The Russell 2000 Index represents the performance of 2,000 small-cap companies of the U.S. equity universe. Returns are subject to change. Note that indexes are unmanaged, and the figures shown herein do not reflect any investment management fee or transaction costs. Investors cannot directly invest in an index. References to market indexes, benchmarks, or other measures of relative market performance (a "Benchmark") over a specific period are provided for your information only. It is not our intention to state, indicate, or imply in any manner that our future results will be profitable or equal past results.

Chris Bell: Good morning. I'm Chris Bell, national sales manager at Horizon Kinetics. On behalf of the firm, I'd like to welcome everyone to the second quarter 2026 Horizon Kinetics Mutual Funds Update Webinar. On today's call, I'm joined by co-founder and co-CEO, Peter Doyle; Director of Research, James Davolos; and Portfolio Manager, Brandon Colavita. Peter will begin with a few broad comments about investing and what it takes to have successful outcomes. James will then cover debt and deficits, which set up our real-assets investment theme. Then Brandon will speak about the recent activity in exchanges and crypto. Finally, James will return to talk briefly about precious metals, and then we'll take questions.

Just a reminder that today's webinar is being recorded, and a replay will be available. Also, the slides will be available. Please take time to review our websites—at www.kineticsfunds.com for updated factsheets, and individual mutual fund presentations at www.horizonkinetics.com—for recent strategy updates, firm product overviews, commentaries and research. Please be in touch with your Horizon Kinetics representative about an invitation to an investor day coming in late October. We are moving in the next few weeks to 1270 Avenue of the Americas, and we will welcome you to a day of strategy presentations and breakout sessions.

Performance for the quarter was down versus the benchmark, and on an absolute basis. The flagship Paradigm Fund was down 7% in the quarter while the S&P advanced 15%. This shouldn't come as a surprise to anyone after the tremendous advances in the first quarter. In fact, the Paradigm Fund is still outperforming the S&P by 19 percentage points through quarter's end.[1]

With that, I will hand it over to Peter.

Peter Doyle: Thank you, Chris, and good morning to everyone. Recently, I was with one of our colleagues, Marc Schumacher, and we were talking about common sense, and he made a comment that I wish I said, but I've used it subsequent to that conversation that we had. He said, "When did common sense become the high-water mark for intelligence?" It made me really think, and I can't get it out of my head. So much of investment philosophy comes down to applying common sense, particularly when markets, institutional incentives, and the media and other investors encourage you to do otherwise. HK's philosophy is about understanding the difference between a great business and a great stock. It's about avoiding obvious mistakes. It's about recognizing that markets can be efficient without being perfectly efficient. Most importantly, it's about being willing to think longer-term than anyone else.

That's really the framework that I'm going to outline today, and why we believe active management still works, and where our edge comes from, and how that philosophy is shaping the opportunities that we're looking at today, which James and Brandon will cover later.

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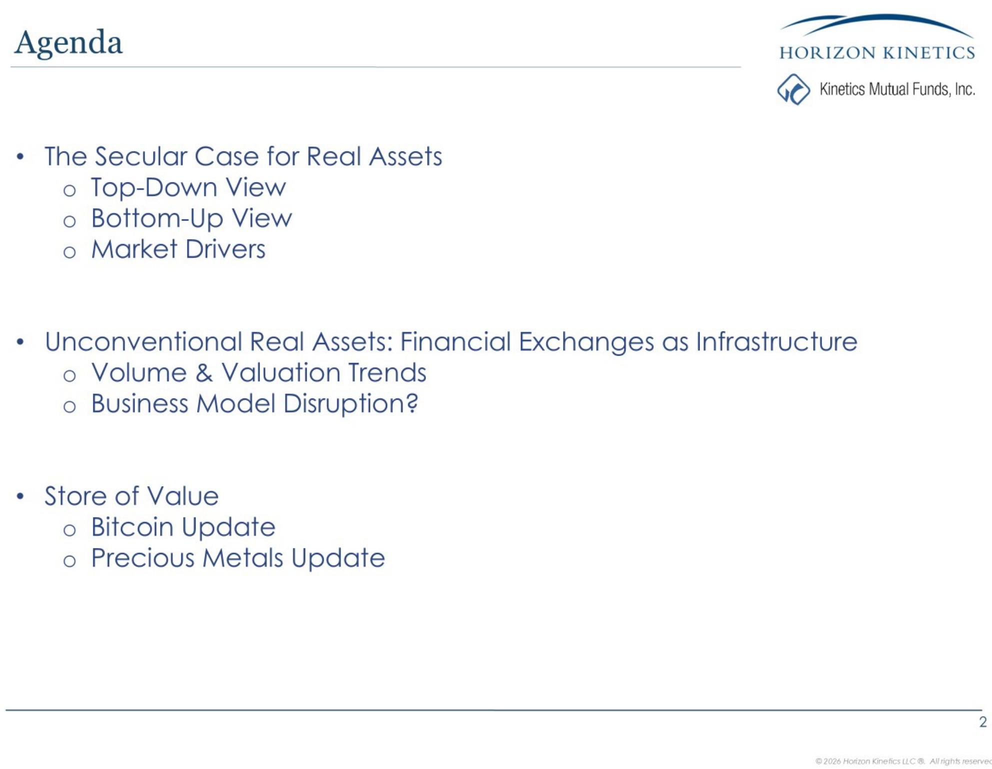
[1]Average Annual Returns for the most recent quarter end, please click here.



I'm going to start with just one basic idea of investing, and that's net earnings. We believe stocks generally operate within a long-term channel. Over long periods, that channel is ultimately driven by the earnings growth of the underlying businesses. So, probably close to 40 years ago, Murray and I had a conversation about this, and he was explaining channels—meaning that the earnings of a company are basically going to dictate how well a business does with the passage of time. This stayed with me and Murray ever since, and that's the way we look at the world. Channels sometimes widen, sometimes they narrow, sometimes stocks are trending towards the bottom of the channel, sometimes they're at the upper range of that. It's also important to think that they don't operate in isolation or in a vacuum. All financial assets are going to be impacted by the level of interest rates—the higher the interest rates, the greater the discount and chances are the companies will be bouncing along that bottom channel.

If you look at earnings, let's take two companies. One company reports a dollar of earnings, another company reports a dollar of earnings. Most people look at that as they're economically similar. We do not. We look at what's known as owner's earnings. One company may have the ability to put 90 cents in the pocket of the shareholders—or they're able to pay dividends, they're able to buy back stock, they're able to make acquisitions, they're able to pay down debt, et cetera—as a result of having that free cash flow, or owners' earnings, after the maintenance of the business. The second company may report that dollar, and they have to spend the entire dollar in buying capital equipment just to remain competitive. So, two different companies both reporting a dollar. One of them, the shareholders are going to benefit greatly. The other one, they're going to be running on a treadmill.

A stock can move towards the bottom of its channel for all types of reasons, and you see that periodically. Texas Pacific Land Trust is not performing well. The exchanges are not performing well recently, et cetera. Why is that? A lot of times, it's just pure noise. It's not signal. We're focused on the signal. We're focusing on what's going on in the operational aspects of the business. I think Brandon does a great job later in the presentation showing you exactly what's going on within the exchanges. Fundamentally, nothing has changed. In fact, the condition of the exchanges has improved, and yet the stock prices have traded down fairly substantially. In some cases, they're trading at free-cash-flow yields of up to 7-8%, which is really extraordinary for monopolistic or duopolistic businesses.

I wanted to bring up the topic of indexation also. Some people are saying we manage ETFs—and isn't that a form of indexation? We are supposedly active managers and we think we have great skill. Philosophically, we are not opposed to indexation at all. In fact, it's probably right for the vast majority of people, or at least the people that don't know us. Warren Buffett has made this point repeatedly, dollar-cost averaging into the S&P 500, which is a bet on America. Then you let time do the heavy lifting for you. If you start early enough in your investment life, simply achieving the average market return over a long enough period can produce life-changing financial results. That's really the point he's trying to make. At the same time, Warren Buffett—as recently as two years ago—said that if he were managing a much smaller amount of capital, he believes he could generate a 50% annualized return by searching through under-scrutinized corners of the market.

Now, those two ideas seem like a contradiction, but they're really not. The market is efficient, but it's not perfectly efficient. That distinction is where the opportunity for active managers exists. There's also a simple mathematical reality that people must confront when they're making investments. Collectively, investors have to earn the return of the market, ignoring fees. Passive investors obviously get the market return. Again, ignoring fees, but active managers as a group also must receive the average return of the market. Thus, for every active manager that underperforms, there's going to be an active manager that outperforms. We're trying to deliberately fish in that pond where we can outperform.

If you look at our long-term track record—whether it's the Paradigm Fund, the Market Opportunities Fund, the Small Cap Fund—we've meaningfully outperformed our benchmarks[2]. There's really two possible explanations for that. One, either we're incredibly lucky, or two, we're doing something sufficiently different. Now, if we're incredibly lucky, that has gone on for a very long time. That's 26-plus years in the case of the Paradigm Fund. When we first started the Paradigm Fund, both Murray and I sat down, and when we were constructing the portfolio, based on that channel concept that I told you, we thought that we would outperform the S&P 500 by four to five percentage points per annum.

And the reason we thought that was because we were buying companies that we felt had much higher economic returns, i.e. the underlying businesses were better businesses, and they were trading in a similar valuation. If we let that unfold with the passage of time, we would capture that in our returns. We couldn't control the pattern of it, but we could be reasonably sure about the ultimate result. That's more or less what has played out.

One of the mental models that we use really comes from the mathematician Carl Jacobi, but I really read it in Charlie Munger's book, *The Poor Charlie's Almanac*. It's this concept of invert—always invert. The concept is very simple, but most people don't actually think about it. For example, instead of asking, "How do I succeed in investments or how do I succeed in life," you ask the question, "What would guarantee that I fail?" I think that's a more interesting question, and an easier question to answer. If you want to fail, you do those things. If you want to succeed, you don't do those things. We can apply that same logic to investing. Everyone's trying to identify the top-performing companies in the given

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[2] Average Annual Returns for the most recent quarter end are available here: Paradigm Fund – click here; Market Opportunities Fund – click here; Small Cap Opportunities Fund – click here.

calendar year, but that's incredibly difficult. Even if you are, maybe the other people have identified it and they've bid up the valuation such that you're not going to get a good return.

I think it's far easier to exclude entire industries, or 150 out of the 500 companies in the S&P 500. Well, I guess it's 490 now, it's not really 500. But anyway, instead of making it the "S&P 500," make it the "S&P 350" and you would likely outperform by some halfway decent margin. So maybe you don't have to predict every future winner. Maybe you just systematically need to avoid the obvious losers. So, I would avoid businesses that require enormous amounts of capital while producing inadequate returns. I would avoid industries with structurally poor economics. I would avoid companies that have excess leverage and in eroding competitive positions. I think those things are reasonably easy to identify. And that, again is something that Warren Buffett does, and it's something that we employ here at Horizon Kinetics. An investor can basically behave the same way on an individual level.

If you wanted to guarantee terrible long-term results, what would you do? Well, you would trade constantly. You would panic-sell every time the market fell 5%. You'd chase speculative companies at astronomical valuations. You'd make investment decisions based on every piece of short-term macroeconomic news or even just any news. You'd hold bad businesses simply because they happen to be included in a particular index. If you can avoid those mistakes, you can eliminate many of the reasons investors actually underperform. It's really just common sense. Again, that's kind of the theme of it. Avoiding mistakes is only part of our philosophy. We believe our greatest structural advantage is something much easier to understand, and that's time. With investments, there's really a time arbitrage. If you look at our pre-merger name, before we became Horizon Kinetics, our name was Horizon Asset Management. I think at one time we were going to name it Long Horizon Asset Management.

That name reflects a fundamental belief of ours. By extending your time horizon, you can give yourself a structural advantage. Think about the incentives facing the typical investment professional. They're evaluated every quarter and every calendar year. They're constantly compared to a benchmark. If they underperform for too long, clients leave, assets leave, and eventually they may even lose their jobs. In that type of structure, it's not hard to see why they behave in a very dysfunctional way. There's a quote from Upton Sinclair, the author of *The Jungle*, that truly encapsulates this in a very succinct way. The quote goes, "It is difficult to get a man to understand something when his salary depends on his not understanding it."

A typical investment portfolio manager might completely understand everything that I just said, but if they look at an investment and the investment time horizon is three years or maybe even five years, and they know it's a great opportunity, they just say, "What if it does nothing for the next two years?" They're going to largely avoid that, despite the fact that it may be priced to give you an extraordinarily high return in excess of market long-term returns. As a result of how it's priced, it may provide you with a greater margin of safety. That's what creates the opportunity, and that's really the field we play in. So short-term events become overvalued because everyone is focused on them. Long-term potential becomes undervalued because very few investors actually wait for it. I don't know if Murray was the one who coined this, but I'm going to give him credit for it.

He's certainly the one who introduced it to us, what we call the equity yield curve. The slope of that yield curve is really determined by the length of time that investors have. Most investment professionals, again, are trying to predict the next quarter, the next year, the next Fed meeting. We move out further than that. We're looking at what's going to happen over three, five years, 10 years—in some cases, even 20 plus years—because that's how long we've held a number of our investments. So, suddenly, you're playing a very different game, a very uncrowded game. That longer-term time horizon also changes the way we construct portfolios. We generally start with relatively modest positions, maybe not compared to some, but let's say typically under 5%, somewhere between 3%-5%, unless a particular investor wants a much more concentrated portfolio, which we're not opposed to doing.

If we're right, and a certain number of those names actually do reasonably well, we let those companies sit there and we let them compound. Generally those names, because they're better performing securities, tend to start dominating the investment returns of your portfolio. We don't trim winners—and that's really what a lot of people do—because that introduces potential drawdown risk for investment professionals. What they're really doing by selling off the winners, as Peter Lynch has deemed this, is basically cutting the flower and saving the stems. They're actually guaranteeing the drawdown by basically recognizing gains and paying taxes or at least making their investors pay the taxes. We deliberately don't do that, and we allow for a higher level of concentration.

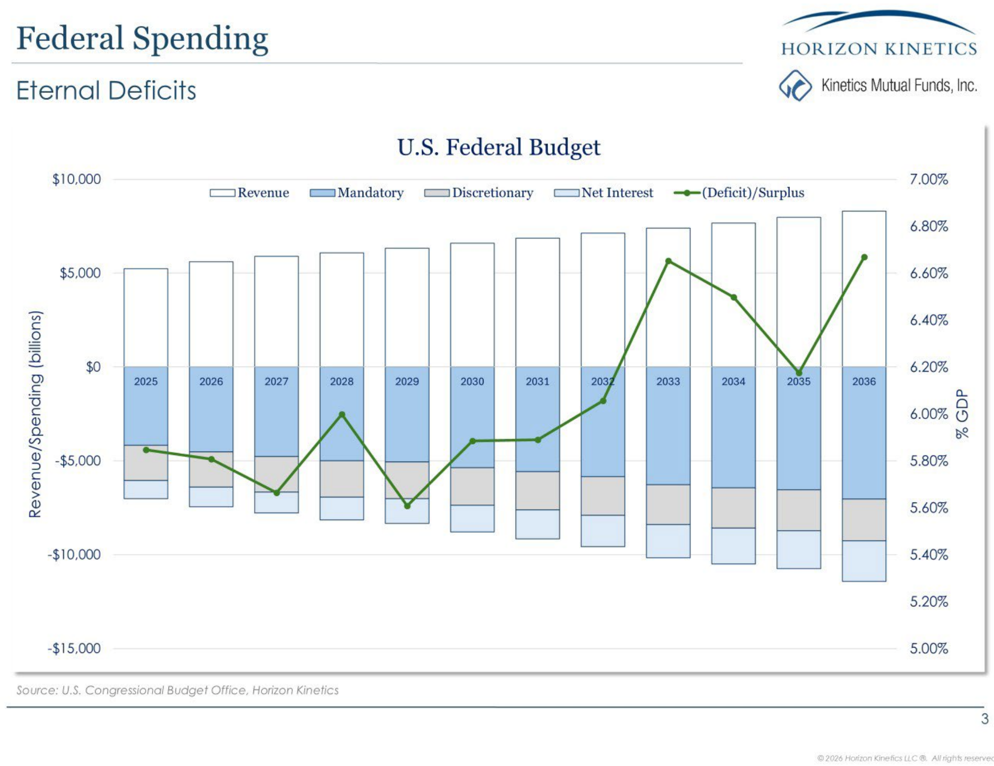
Next, I'm going to skip over some other things that I was going to speak about because I want to discuss bitcoin. I know Brandon is going to speak to that a little bit later as well. The reason that bitcoin intrigued us is that bitcoin fell within that framework I just spoke about. What was most intriguing to us regarding bitcoin was its asymmetry of its potential, i.e. there was downside it could go to zero. But on the upside, it was potentially very, very, very large—unlike anything that we had ever come across in our careers.

So, the question was: Will bitcoin replace everything? When I'm talking about replace everything, it's the nominal stores of value. The entire wealth of the world is something like on the order of $600 trillion. Gold itself as a market capitalization is somewhere around $30 trillion. bitcoin today has a market capitalization of about $1.29 trillion. If bitcoin continues to garner some of that other market, we think the potential is quite large, and it doesn't require that bitcoin steal the majority of it. You could become a $20 trillion market capitalization and still do incredibly well with bitcoin. So, the fundamental characteristic of bitcoin that interests us is its scarcity. Bitcoin supply is mathematically engineered. Currently more than 95% of its ultimate supply has been mined, and fewer than one million additional bitcoin remain to be mined between now and the year 2140.

That's what makes it so economically unusual. If the price of gold doubles, people start looking for more gold. If the price of wheat doubles, people start producing more wheat. New mines become economical as the price of a particular commodity rises. More capital enters the industries. Eventually more supply is produced. The same principle applies to every traditional commodity. Bitcoin is different. You can pour trillions of dollars into the bitcoin ecosystem, but you can't accelerate the issuance of schedule. The bitcoin protocol doesn't care how much demand there is. What makes it intriguing is that every four years—and Murray has spoken about it, I've spoken about it—there's a halving. Halving doubles the cost of production. The only way the system works is if bitcoin actually goes up in price. Bitcoin is currently operating in a channel, and that channel to us is very normal.

It's down from 120 some odd thousand dollars to 60 some odd thousand today. As we get closer to the halving, which is in April of 2028, and as more newer machines come on, more efficient machines come on and the network improves and strengthens, it's likely to push up the price of bitcoin. We made bitcoin a relatively small position, much smaller than what we do for our typical investments. We made it something like 25 basis points, 50 basis points. We were going to be committed to letting it play out. Nothing that we've come across, whether it's the threat of quantum computing, whether it's other tokens, et cetera, has indicated to us that the bitcoin network in any way, shape or form has been degraded. In fact, it's improved with the passage of time.

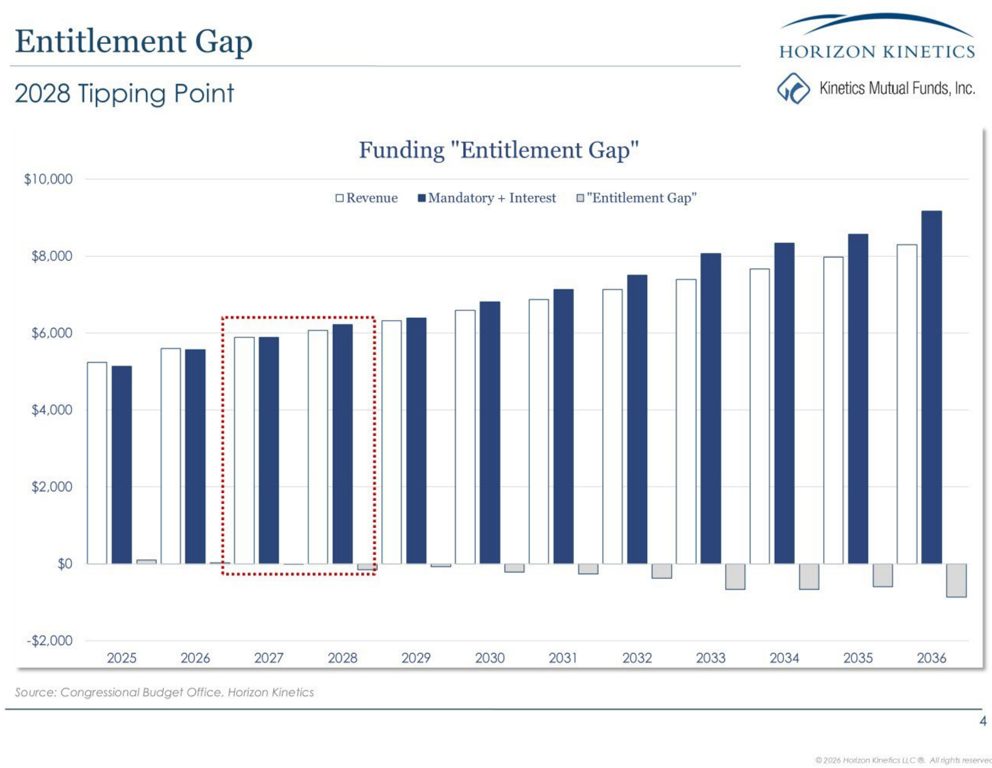
I'm going to very briefly speak about where the opportunity set is, because that's what James is going to really speak about. It has to do with the scarcity of bitcoin. For roughly the last two and a half decades, we've lived through a technology-centric, extraordinary asset-light era where software and internet companies scaled enormously and without requiring a proportional increase in physical capital. That dynamic, because they were allowed to use the existing telecommunications infrastructure, created some of the best businesses in the world in terms of cash generations. But AI is changing that dynamic. And a lot of the companies that were cash generators have now become cash consumers. I think our colleague Fredrik Tjernstrom put out a piece recently, discussing how the top five hyperscalers are trading at something like 335 times free cash flow. Compare that to a company like Intercontinental Exchange, which is a duopoly in its field—and in some commodities, in some products, it's actually a monopoly—it's trading at maybe 14, 15 times free cash flow. So, no question that in my mind, the exchanges are likely to outperform even the best performing hyperscalers in the future. But time will tell. With that, I'm going to stop and turn it over to James.



<u>James Davolos:</u> Thanks, Peter. I'm going to walk through some slides here that are going to be a little bit macro in nature, but it's really to reinforce some of the ideas that we're going to talk about, and then ultimately present what we think is a very compelling secular case for real assets—particularly scarce capital-light, real-asset businesses. Moving on to the first slide, this shows you the current revenue and expenditures of the U.S. federal government. The white bars are the revenue. The light blue is mandatory spending, which we'll get into in a little bit more detail in a moment. The gray is discretionary spending, most of which is defense. Then the light blue is net interest. As you might have recalled, Elon Musk joined the administration as part of the Department of Government Efficiency. He was able to shave maybe a 10th of a basis point, or a 10th of a percent, off of spending.

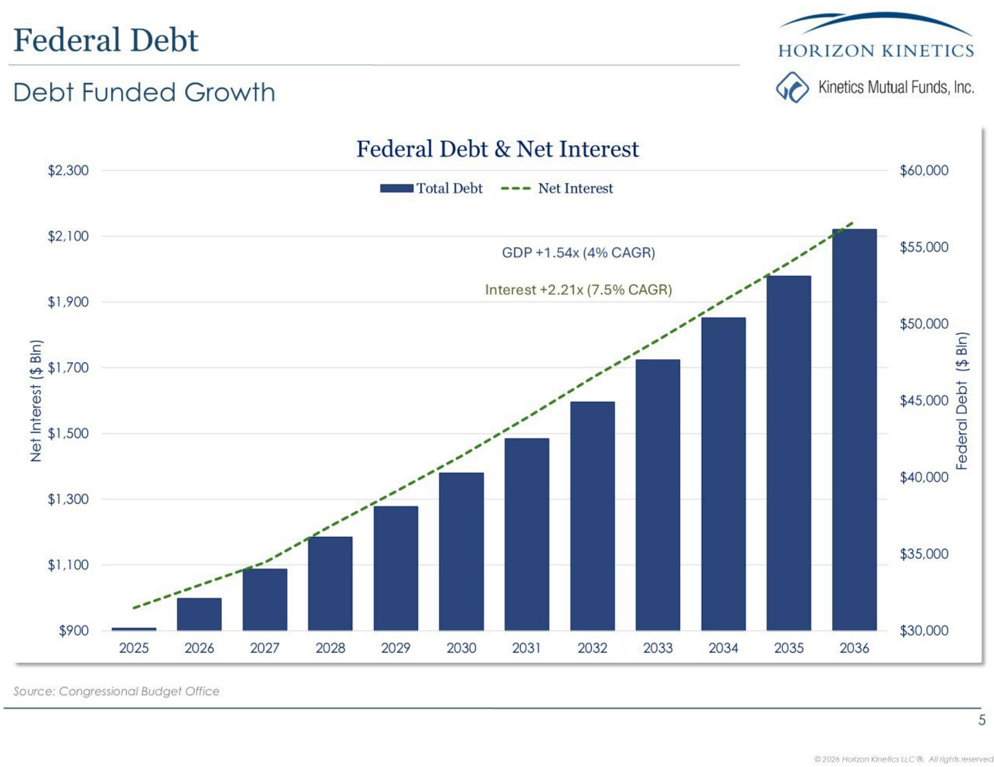
Scott Bessent, who I have a lot of respect for at the Treasury, had a "3-3-3 plan" around 3% deficits [as well as 3% GDP growth and expanding oil production by 3 million barrels per day]. Obviously, we're nowhere near that. Now you have this gentleman, Kevin Warsh, who has come into the Federal Reserve making all these idealistic claims around price stability. The point is—whether it's Elon Musk, Scott Bessent, or Kevin Warsh—you might have the best of intentions and the best of goals, but the problem is the math is hard when you are dealing with a country that is structurally reliant on debt.

As you can see here, the congressional budget office numbers—and is nonpartisan, and rooted in what is contracted in government spending, based on current legislation—what they're telling you with that green line is that we're going to run between a five and a half and six and a half percent deficit for the next decade. At the end of this period, we are going to grow a $1.8 trillion—with a "T"—deficit to a $3 trillion deficit. Now, as unpretty as this may be, the math kind of works if we have high nominal growth. Here's where a tipping point might develop.



There's something called the "entitlement gap," and credit to Michael Cembalest, Chief Investment Officer and Chairman of Market and Investment Strategy at J.P. Morgan Asset and Wealth Management, who was among the first people to start talking about this. But around 2027-2028, the white bar, which is government revenue, is going to be eclipsed by mandatory spending. So, Medicare, Medicaid, Social Security, Veteran Affairs, and net interest. What that means is discretionary spending is going to have to be 100% funded by debt thereafter. Discretionary spending is mostly defense. Defense is about a trillion dollars, and then there's about another trillion dollars through other programs. That's how you end up with our $2 trillion dollar deficit growing to $3 trillion by the end of this 10-year period. If you shift to the far end of the right, you can see that gray bar. Actually, we are at negative $1 trillion through this entitlement gap, which again is Social Security, Medicare, Medicaid, Veterans Affairs, and net interest.

We are going into our discretionary spending with a $1 trillion dollar hole beginning in 2036. Now, all of these conditions, unfortunately, are based on somewhat rosy assumptions of 4% nominal GDP growth, about 2% of which is real, 2% is inflation. You can argue the inflation. It also assumes a 10-year treasury yield of about 4.4%, so slightly inside of where we are today, and a long-term fed funds rate of about three and a half, which assumes about 25 basis points of cuts. So, again, who knows what's going to happen with the dollar dominance, since the dollar has been a very big factor in risk assets recently. When you think about the grandiose statements that people make, the limiting factor is that we, as the developed world, need nominal growth. The next slide drills down a little bit more into exactly where this net interest is going.

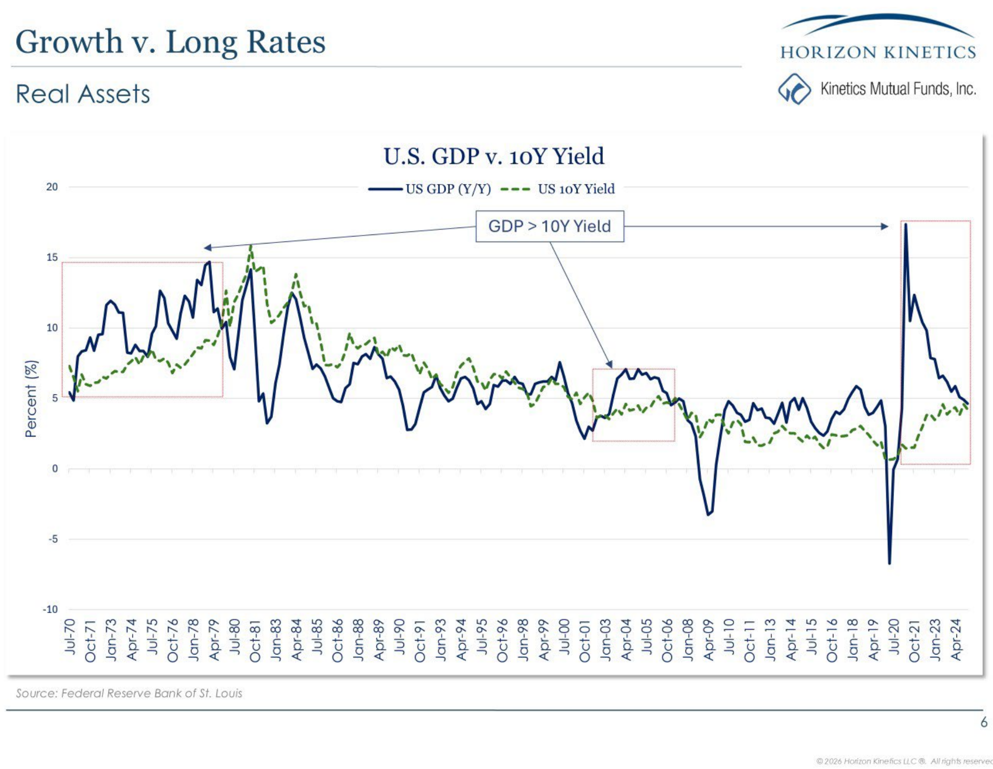


This slide shows you the total debt growth over the next 10 years. The blue bars are total federal debt held by the public. This excludes intergovernmental holdings. You're going from about $30 trillion up to about $56 trillion. What's important is that for all of this incremental debt, you're actually increasing your interest expense at about 2.2 times, so a 7.5% CAGR versus about 1.5% growth in GDP, which is 4% nominal or about 2% real. The U.S. economy, in no uncertain terms, needs this federal spending to continue growth. It's just coming with diminishing returns. All that being said, this is an environment that is going to favor nominal growth. If you look at the equation of how to continue this—what would appear to be unsustainable—program as long as possible, you need your growth to be higher than your rate.

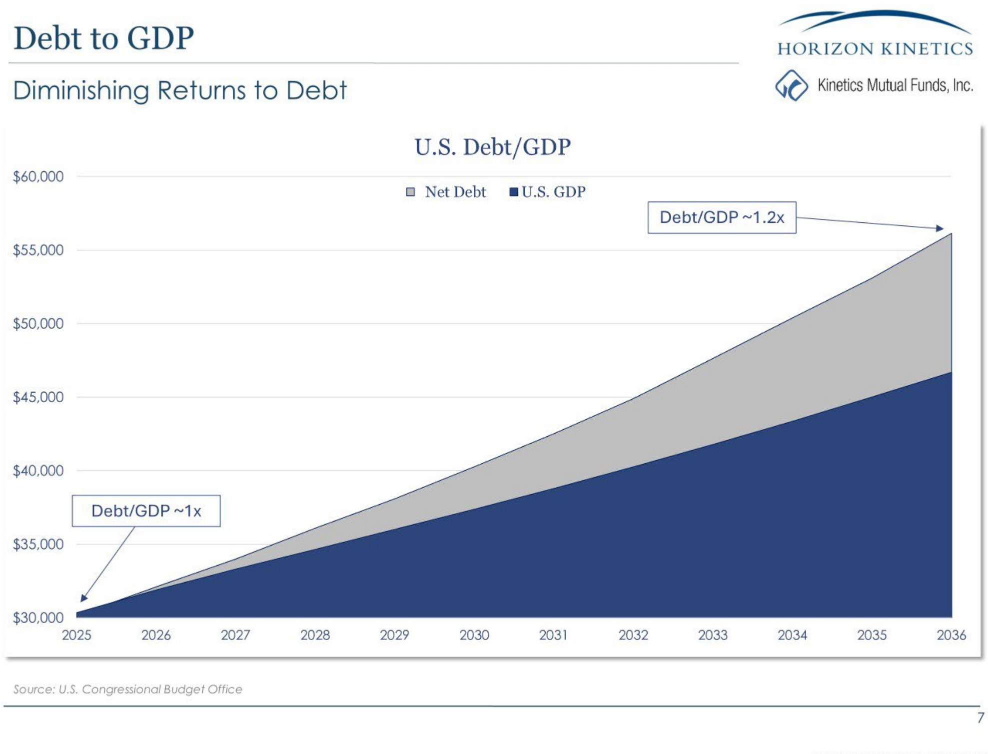
Now, this is probably not possible indefinitely without some form of yield curve control, but anybody that's familiar with a dividend discount model, you take your dividend, you divide it by your interest rate minus growth. If the growth rate is higher than the interest rate, the model breaks because it's an infinite number. You can do this for only so long, but if you can massage what you are calling inflation, which Kevin Warsh has essentially said he was going to do. Look at his past speeches before he was nominated. He said multiple times, "We need to revisit how we calculate inflation, but if we move the goalposts and how we calculate inflation, we can have that 'G' greater than 'R.'" In theory, you can continue with this going on indefinitely, but the unintended—or perhaps intended consequence—is that capital is going to flow outside of this system into real assets and stores of value.

The impetus here is this regime favors real assets. For a bit of historical context, this goes back to 1970. In eras when U.S. GDP consistently exceeded the yield on the 10-year treasury, you saw very high real asset inflation. Obviously in the '70s, you had a protracted period of inflation. Most of that was in the commodity complex, but that also coincided with the removal of the gold standard in 1972, which we'll touch on more later in this presentation. But you can see that period where you had sustainably higher GDP than you had on 10-year yields. If the risk-free rate pre-tax is basically not growing with the economy, no matter what you tell me inflation is, you are not keeping up with society. The impetus is into risk assets and therefore nominally growing risk assets.

The next time this happened sustainably was actually 2000 to 2006. Coming out of 9/11 and the tech boom collapse, you had sustainably higher GDP than 10-year treasury yields, and that resulted in the inflation of the U.S. housing bubble. Obviously, there were some contributors from profit lending and mortgage-backed securities, collateralized loan obligations, et cetera, but see what happens there. Highly inflationary period localized in housing and financial assets. I'm going to actually ignore the period where this happened between 2010 and 2020, although it was very advantageous for a lot of real assets. The problem was it's not a very good comparison, because rates were anchored at effectively zero. Everything with duration just went up incessantly during this period when rates were anchored at zero. So, it's not necessarily a great case study. The next time that this happened was during the COVID recovery where, obviously, rates had to catch up to growth.



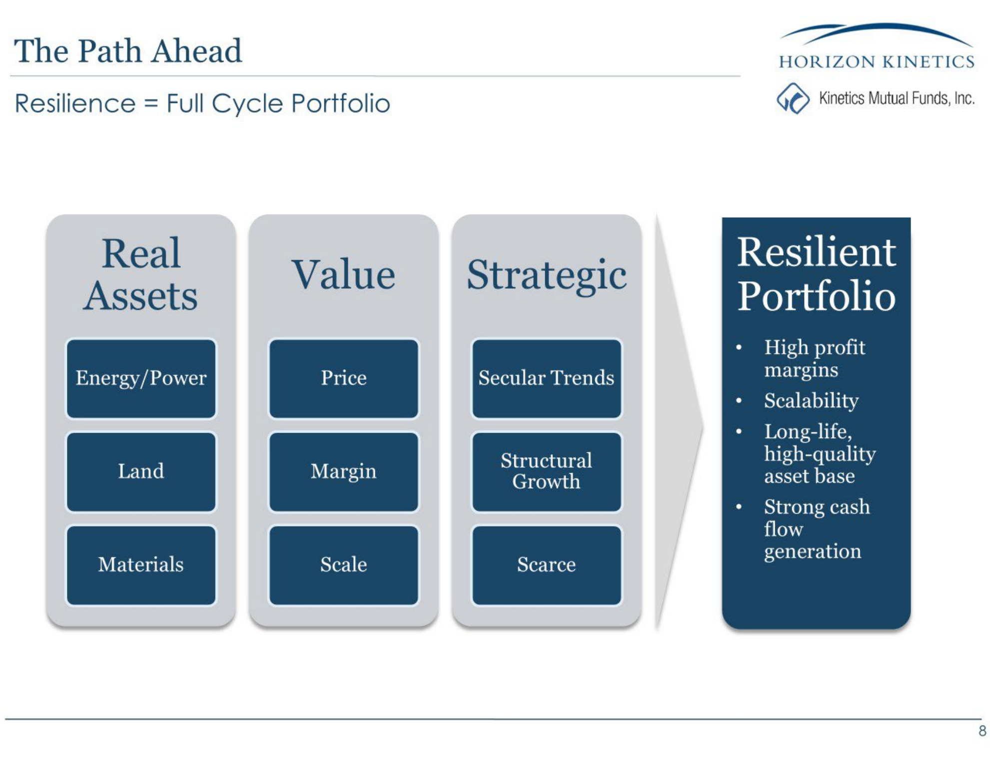
The question is; What's the relationship between that blue line and that green line going to do going forward? I would argue that they are going to do whatever they can to keep that blue line above that green line—where, again, "G" is greater than "R," and that's what ultimately makes this entire system sustainable, arguably, for how long. But again, you want to own nominally indexed cash flows that don't have that rate sensitivity of traditional infrastructure, utilities, REITs, or the cyclicality of resource producers and infra.



This shows you the debt to GDP, and this is really a corollary to two slides ago, but it shows you again, the blue line is what's going to happen to U.S. GDP growth between now and 2036. However, it also shows you the growth in net debt. While GDP is growing, our debt to GDP is actually growing from a factor of one to a factor of 1.2. What that shows you is we're getting diminishing returns in terms of the transfer of that debt into growth—which, with the inefficiencies of government (and probably some waste, fraud, and abuse) you are seeing nominal and diminishing returns from that growth.

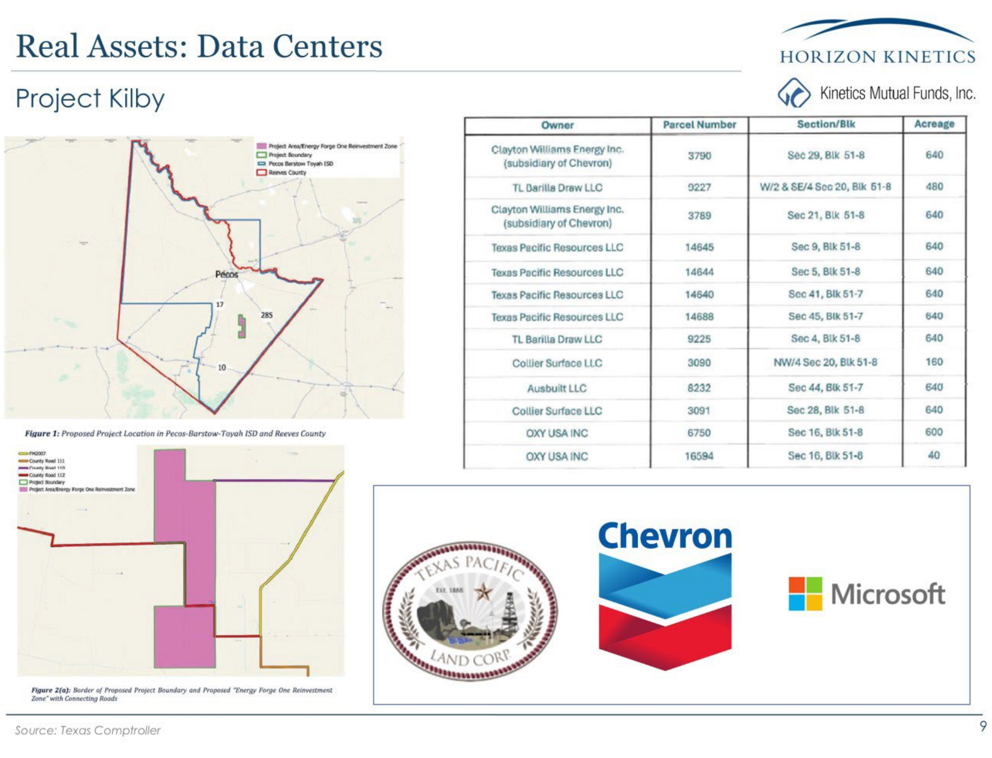
To the extent that we are going to need to continue to fund growth through debt, you're going to need more and more of that relative debt. All that being said, I think a lot of those 2030 to 2036 assumptions might be rather sanguine, to the extent that we are funding our own debt through growth. Moving onto some areas that we think are relevant in terms of the real asset complex, ultimately, we want to find areas that can not only preserve value, but grow value on a nominal basis that are scarce and have that pricing power. So for anyone who hasn't seen this yet, Steve Bregman led a project where we authored a piece called "Investing in Scarcity." It's really that simple, because these are the businesses that are going to have that pricing power to keep up with that nominal line, even if it's going to be very difficult to convert that into margins in a low-real-growth environment.

Ultimately, we need these to have a value proposition—their ability to push price, to have margin, to scale the business. Ideally, these are going to be strategic. So, what structural trends are going to benefit the supply and demand dynamics? Is there a long, visible growth trajectory related to these business models and these assets? Then, ultimately again, there's scarcity. If something can be recreated, or supply can be readily added to the system, it might be great for a couple of years, but ultimately supply will come online. I think that scarcity question is going to be very, very important—particularly with anything that China can enter the market with. People are looking at certain supply chains with data centers and AI and chips and semis. I would be very careful. If China can theoretically enter something that is a commodity business, which is essentially just sand, I would say, "Be careful."



The resilient portfolio is going to have high margin, scalability, long life, high quality, and strong cashflow generation. We are not looking at your cookie-cutter real assets. These certainly are not available in index wrappers, and most people frankly aren't even looking at these businesses. A great example on the next slide is going to be our way of playing data centers and AI primarily through land. We've heard a lot of questions from people that are very impatient around the development of data centers in West Texas. I'm pleased to announce that there is now what appears to be a shovel-ready project that has passed from a letter of intent to a formalized contract and power purchase agreement for about two-and-a-half gigawatts in Reeves County, Texas. This is called Project Kilby, which is a joint venture between Chevron and some partners and GE Vernova providing power for Microsoft and its AI compute.

This land, on the top left, is the pink section down there towards the middle of the map between 85 and Route 10. A little bit lower is the exact parcel of this section. This is from the Texas Controller Office for a tax abatement request. If you look on the top right box, you can see about 2,560 of these acres, which is about four square miles, is TPL land. So, as of right now, all we know is that TPL contributed some land. They were paid for some land and they have exclusive rights to service this acreage with respect to water and other parts of infrastructure. We've done the math on what the potential could be around them earning revenues related to source water for the cooling towers. This is all combined-

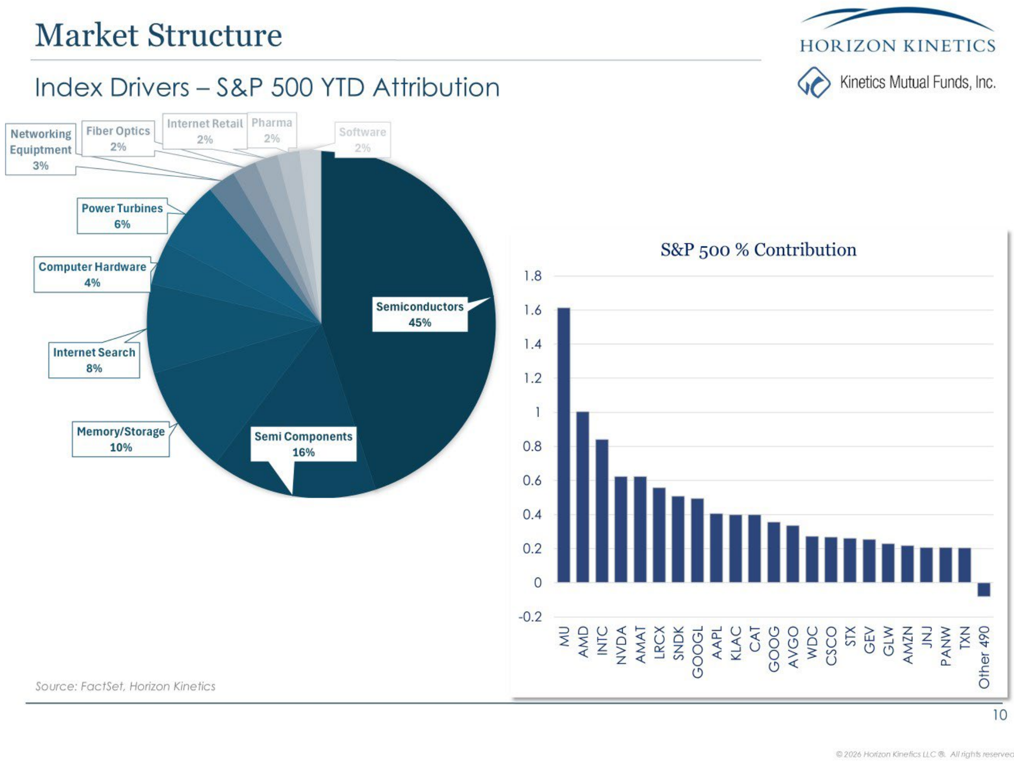


cycle gas with GE Vernova turbines. You can say, "Yes, those turbines and steam are a closed-loop system." What that analysis ignores is that you have evaporation in the towers, which is not closed-loop, and that requires a tremendous amount of water that is lost and needs to be replenished on a daily basis.

There's also potential water usage, depending on the cooling mix, that's going to be in the data centers and the facilities themselves. So, looking purely at water—supplying water, treating water, managing water, disposing of this water—that, in and of itself, is a step function change potential for TPL. That's before you even start talking about infrastructure related to supplemental renewable power projects, transmission lines, pipelines, et cetera. When Peter mentioned the potential of the earnings of this company to double, a lot of it is rooted in this type of math. And while this is quite large at two-and-a-half gigawatts, we know that there are two other projects on TPL's land—one of which they announced: a land sale to power generation, a power plant. They didn't really announce much else, but suffice it to say there's going to be similar or superior economics with that project.

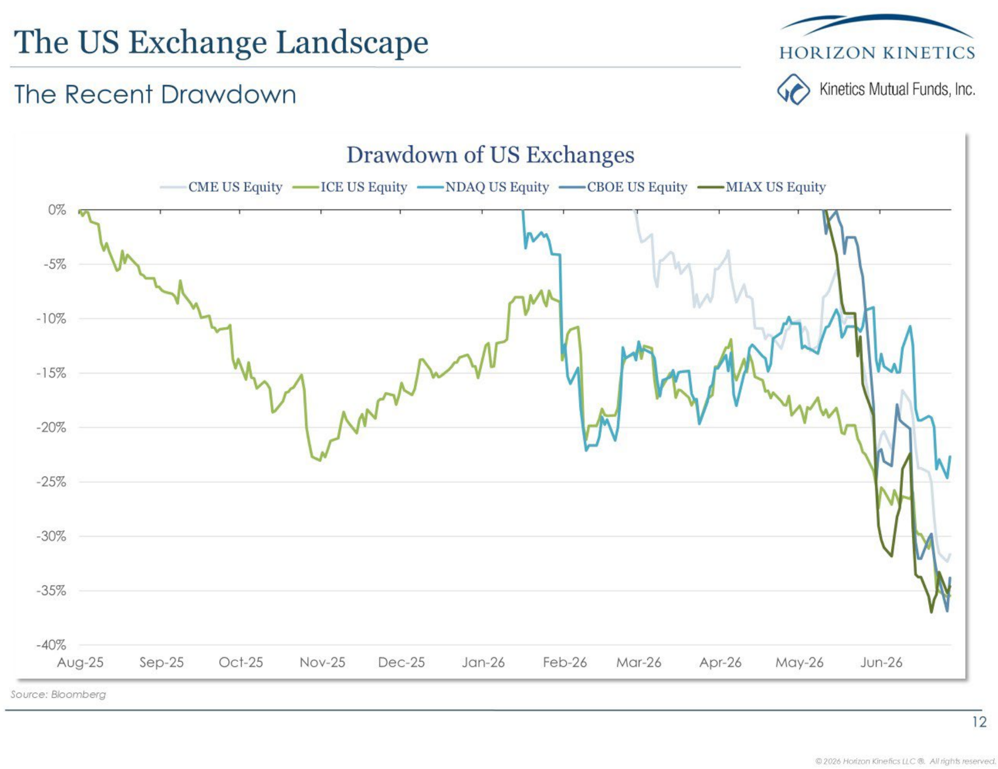
We also know about the investment and joint venture with Bolt and Eric Schmidt, which is reportedly working on other very large-scale projects. They were able to meet with some investors at the Water Investor Day in West Texas. So, the scope of what is being developed and worked on is enormous. This is raw land. This is water management. These are not in your indexes. These are not replicable businesses. These are secular growing businesses with volume and pricing. So again, the value-add of what we are able to unearth through our network and our pipeline of development of public companies and private companies at Horizon Kinetics, we think is not matched by many—if any—companies in the market today. We're going to continue working towards highly differentiated opportunities like this for the foreseeable future. One last comment before I turn it over to Brandon, who's going to hone in on a unique aspect of real assets, is I want to pivot on the next slide to the market structure today.

Markets are being increasingly driven by momentum of what I'll call factors, but I was surprised when I looked at the composition of the S&P 500 return through the first half of the year. I was pretty surprised to see that it was up about 10%. If you look at the dispersion amongst the different companies in the index, it just didn't feel like we were up 10% this year. When I drilled down with our client service group into exactly what was driving it, I learned that 22 securities comprised of 100% of the S&P 500 gain. Micron, AMD, Intel, NVIDIA, LAM Technology, SanDisk, Applied Materials, Google, Amazon, KLA, CAT, Broadcom, Western Digital, Cisco, et cetera. These companies drove all of the return and then some. If you take the other 490 stocks, no, this doesn't add up to 500, because the S&P 500 technically doesn't have 500 stocks anymore. Anyway, it was negative.



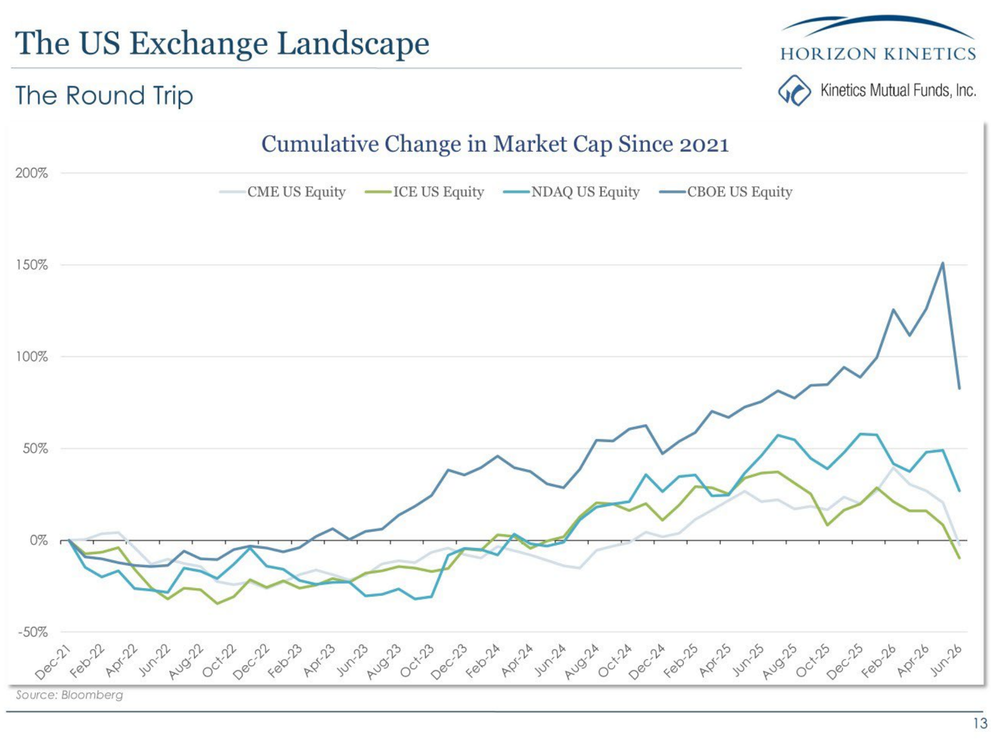
If you look at the circle chart on the left, the relative contribution to that 10% return was about 45% semis, about 16% semi components, 10% memory, 8% internet, computer hardware, turbines, networking, fiber optics, internet retail, pharma, and software. Essentially the entire return of the index was in AI supply chains. Whether that's sustainable or not is not a question that I can or am willing to answer. However, I do think a reasonable person would look for some sort of exposure outside of these industries. Maybe that's why people might not feel as great about the returns year to date unless they happen to be in some of these verticals. With that, Brandon is going to drill down into a niche sub-industry that we believe is the preeminent real asset to own in this emergent cycle and some nuances around some misunderstandings, and perhaps some momentum factors that are probably presenting a unique buying opportunity for the appropriately minded investor.

<u>Brandon Colavita:</u> Thanks, James. I'll start off by saying that, as a value investor, it can be frustrating when stock prices don't move in the direction that you feel the underlying fundamentals justified. There are obviously instances where a moving price is justified, where there's a material deterioration of an underlying business that changes the investment profile. So that brings me into our time today where I'd like to discuss the U.S. exchange landscape where we've taken some lumps over the recent months. There's no denying it. After our review of the fundamentals, we'll leave it up to the audience to decide whether there's a material deterioration here or if this is just some form of valuation contraction. We've highlighted the major U.S. exchanges and there are associated drawdowns over the last year or so. Clearly, it's not an isolated incident where this is happening just at one company.

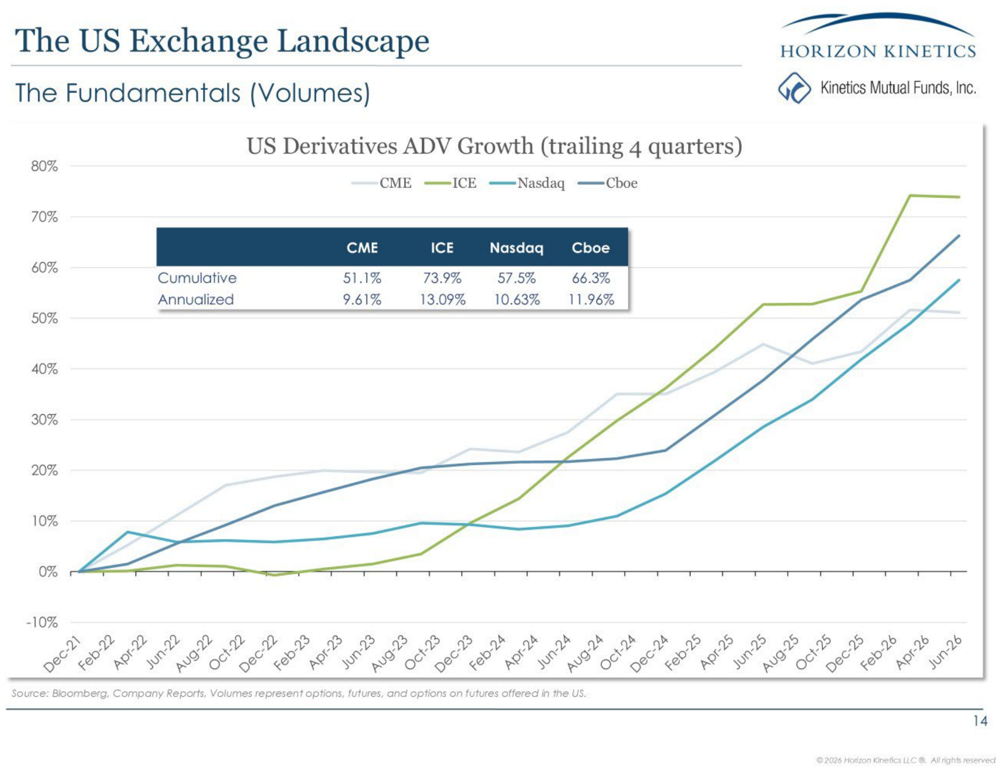


The drawdowns, you can tell, are pretty severe for such a short period of time. Drawdowns are from 20 to 40% in some cases. Like I said, pretty quick timeframe. What some may not know is that this is actually the continuation of a trend that goes back much further than just this individualized drawdown. If you compare to the end of 2021, the two largest exchanges in the world, CME and ICE, they're nearly the same market capitalization as they were back then. They round-tripped—in terms of going down, up, and then back down. We're pretty comparable in terms of valuations. CBOE is a bit of an outlier here, as it was the beneficiary of some wildly successful trading and zero days to expiration options, but even they weren't saved from the more recent downturns that we've seen in the industry.

If we look at this objectively, our question is: Why? As a quick review, exchanges are financial croupiers that act as toll booths on capital market activity. They collect fees on volume, and they don't take directional risk. They provide critical infrastructure for global markets and they provide venues of price discovery where participants can acquire or offset risks within regulated pools of liquidity for pretty much any asset. Most of these businesses have expanded to provide other solutions. But the core overlapping business for these companies is that regulated market platform and then the associated data that allows others to trade continuously off of that, and to take or offset risk. That's



really the focus of our section. This business model, we've talked about a million times. It's really favorable in terms of scale and risk, but similar to many other business models that may not be as favorable, the outcomes of an exchange are still defined by price, volume and margins.

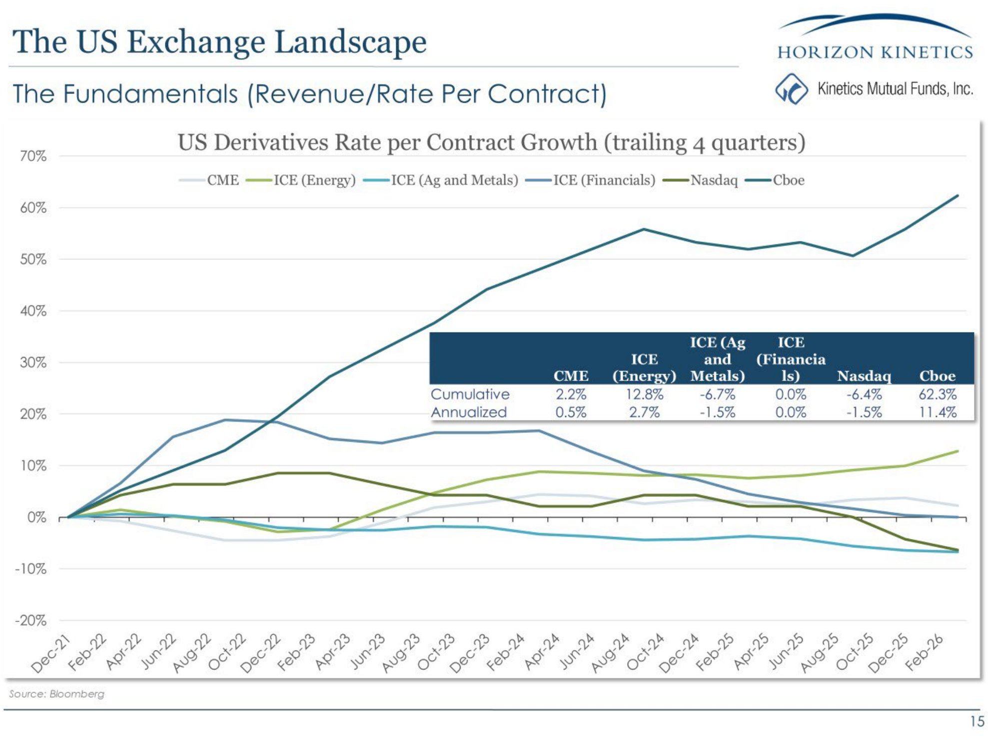


And given what we've seen in terms of market value deterioration in these businesses, you'd expect there's something going wrong with at least one of these metrics. If we start off with volumes, which are typically the biggest drivers of value change in an underlying exchange, volume in this case is referring to the purchase and sales of products listed on these platforms. For additional simplicity, we've broken this out so that we're only focusing on derivatives contracts offered by each exchange. That's a far larger addressable market than spot equities. It's something that every one of these companies have exposure to. You can see that the volumes here have been pretty robust across the board. That's because exchanges have a very favorable growth profile, especially when comparing that to nominal economic growth.

Exchange platforms are necessary for trade, both in hard commodities and financial products. So, there's an inherent link to regional growth. Then there's been upside participation, or growth in participation, if you look at these companies expanding globally—or even expanding their products to retail participation. There are constantly new products being launched that leverage the existing technology and infrastructure that can help isolate and target new risks or specific risks in an ever more palatable notional size. Maybe one of the strongest factors is the tendency for turnover to grow far in excess of anything that we've seen on asset level appreciation. What I mean by that is that the same assets are being traded back and forth at a higher rate over time. These factors allow for seemingly mature businesses that have been around for well over 100 years in some cases to grow in excess of many of the underlying markets they service.

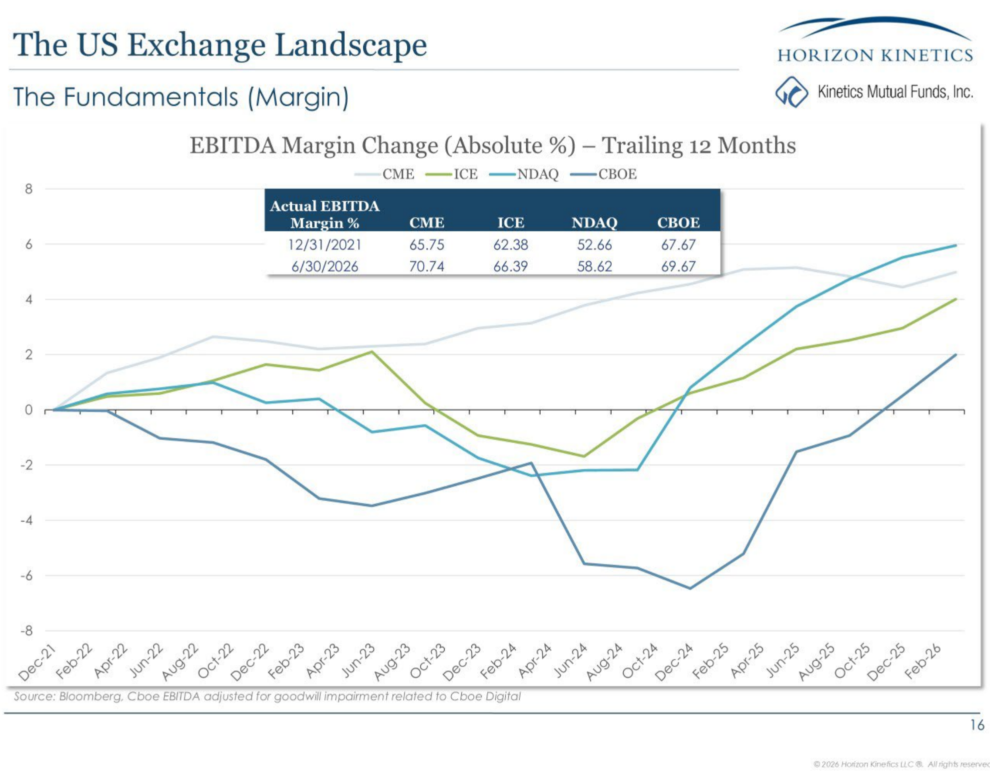
If we move past volumes, which seem pretty robust, then it must be an issue with price. We view the pricing side of exchanges as more or less the capture rate from their trades. This can be seen through a metric called RPC, which some of the exchanges call differently, but it's revenue—or rate—per contract.

But we see over the same period that this RPC figure was pretty flat for most of these businesses minus CBOE. RPC is different depending on which underlying product you're talking about, but it's typically pretty stable over time for individual product sets. What changes at the total business level is the distribution of trading across the underlying assets. If a lower-RPC product increases as a total



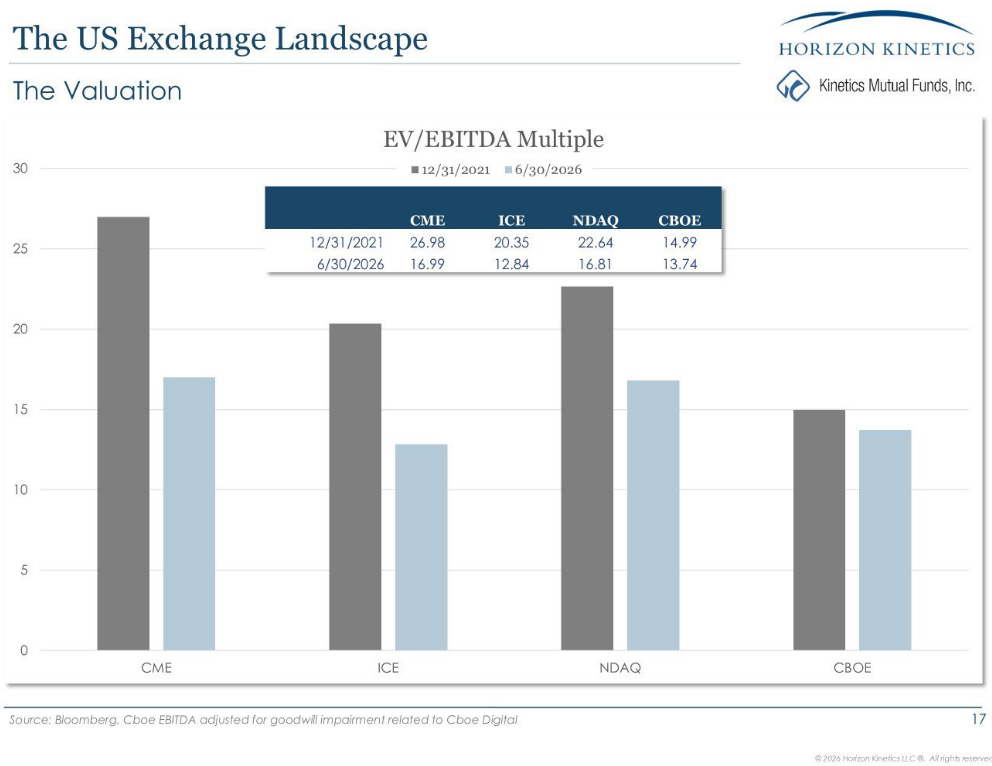
percent of trading, or a total percent of revenue, then the RPC of the total business might fail, even if the pricing doesn't move on that individual asset. Even considering this, the RPC at the business level has been pretty flat, like I said. CBOE accelerated here as you can see due to product mix. The explosion of zero days expiration options drove additional trading in their much higher RPC index products. Either way, it's fair to say the RPC hasn't changed much, but it also probably isn't expected to over shorter periods of time.

Let's look at margins of each business. We at Horizon are not huge on using EBITDA, but it helps simplify some of the noise around these exchange businesses. I just want to clarify here, this chart is showing the absolute percentage change in EBITDA margins. These companies are not capital-intensive either way. So there is a huge amount of depreciation and amortization is simply tied to purchase intangibles, which is a non-cash charge related to prior acquisitions. You can see here, we have the starting point for all these businesses compared to their ending point on June 30. Their margins were already impressive, but they've actually grown on an absolute basis. This goes back to that idea of scalability. The businesses are able to grow their toplines without commensurate cost increases. It



doesn't cost much more to process a thousand contracts versus a million contracts. So that growth we saw previously in volumes can flow through more easily to the bottom line.

The question becomes: If it wasn't price, if it wasn't volume, if it wasn't margin, then what was it? And we can move on to the crux of the issue, which is valuation. What seems to have changed is that there's been a material re-rating in the markets. If we judge these businesses in terms of enterprise value to EBITDA, CME dropped something like 10 turns, from 27 to 17. ICE from 20 to 13. NASDAQ from about 23 to 17. CBOE dropped a bit, again, a bit more flat, but has some intricacies there. So, market sentiment has clearly shifted. If it had little to do with execution or earnings quality, then it has everything to do with outlook. Why has the outlook changed? At the end of May, the prediction market Kalshi had announced the launch of perpetual futures on bitcoin and some other cryptocurrencies, and this was approved by the CFTC.



	CME	ICE	NDAQ	CBOE
12/31/2021	26.98	20.35	22.64	14.99
6/30/2026	16.99	12.84	16.81	13.74

Perpetual futures, or "perps," are a derivative product that are like futures, but they don't have an expiration date. They're meant to provide spot exposure. This is typically in a leveraged fashion in a derivative product that doesn't require rolling or physical settlement. Instead of linking to stock markets through the traditional futures way of arbitrage and convergence and exploration, perpetual futures apply a periodic funding rate. They move balances from the long side to the short side, or short to long, in an effort to incentivize traders to equilibrate the perpetual future with the spot market. These products have actually seen a lot of success in offshore markets where notional perp volume and trading, at least in the crypto markets, has far exceeded anything realized in the spot market. Market participants who are looking at this in the exchange space, they see the CFTC approval of perpetuals at a company like Kalshi as a threat from outside of the current system.

It's a threat to the traditional exchange subset and the surrounding moats that have allowed these companies to grow substantially over time. We can have a deep technical discussion on the practicality of perpetual contracts, especially as they relate to either replacing traditional futures or options, but I'll boil this down to just a few points. Exploration of traditional futures is a feature. It's not a limitation. The funding mechanism of perpetual contracts brings additional uncertainty to the cost of a specific hedge if you're an institutional or commercial participant. Physical delivery for many assets actually matters and it maintains discipline for speculators, and provides an actual economic need for producers. On the other side, the futures curve itself—these different expiration dates—includes a ton of useful information that is tied to inventory, storage costs, financing, and general expectations of underlying markets.

I know most of this sounds like it applies just to traditional futures, but most of the same points apply to options as well. Perpetual futures in that case really can't match the asymmetric return potential that options offer. Options have a similar certainty tied to cost, at least the basis of the premium. They have an expiration there. So, from the perspective of a commercial participant like a farmer, the usage of the futures market is to lock in a specific price, or to hedge out risks of moving prices for a specific activity down the line like a harvest. Convergence to the spot market is necessary. You want as much certainty as possible when it comes to lining up those costs with your harvest. The funding mechanism of perpetuals actually brings additional uncertainty. Even from the view of a speculator, aside from the similar reasons tied to certainty of basis costs and spot conversions, you likely want to be tied to some level of actual economic activity because you could be relatively sure that those prices are real and they're meaningful.

If you want to know why real and meaningful prices tied to actual economic activity are important, then I'll let you guys do this on your own, but look up the history of why onion futures aren't allowed in the United States. It's a pretty wild story. So realistically, perpetual futures could be a successful retail product. We just don't think that it replaces more traditional offerings as a hedge. The traditional market operators that we've seen that compete—and that have seen their stocks get crushed from this—have their own comments. CME is actually suing the CFTC for approving these contracts, or for allowing these contracts to be categorized as futures. CME is traditionally fiercely protective of their market position. So, it's not really surprising, even if they didn't view perpetual as a major threat. But I'd say that the Intercontinental Exchange, in one of their recent commentaries or one of their recent industry webinars, covered this better than we could.

They said that every time one of their customers identifies a real economic need or an economic exposure that is not being fulfilled through their current contract fit, they launch another contract. If the discussion around perpetuals gets to the stage where an institutional trader or a commercial customer says to them there's an economic reason to have that contract that isn't being fulfilled, then they'd be in the best place to launch that product. They could actually do that with perpetuals tomorrow. The infrastructure is in place. The question for ICE is whether or not that problem actually solves something other than a near-term speculative desire. This is actually coming from a company that's partnered with OKX who has a licensing agreement for Brent and WTI futures on their own platform. The major point here is that you could acknowledge that this product can have success in a similar—and maybe at least what the market thinks is competitive—space, but that doesn't mean it's going to replace traditional offerings.

If it did, then these companies, these traditional futures and traditional change platforms, would be in a position to launch these products more or less tomorrow. So, I'll ask the question, does the prospect of perpetual futures really justify such a deterioration in this market valuation? And does it present a long-term risk to these incumbent businesses, one that justifies the current price levels in the face of what we've seen as solid execution and margin expansion? I think you can see where we stand on this issue.

Moving on to bitcoin, I'm not going to talk about any of the vectors of bitcoin mining that we've talked about pretty frequently in the past, but I'm really just going to present this from a portfolio-management viewpoint, and the current downturn as it compares to ones that we've previously experienced in bitcoin markets.

Bitcoin

The Current Drawdown Ranking

Ticker	BTC USD Price	Drawdown	Subsequent Cumulative Return Through 6/30/2026	Subsequent Annualized Return Through 6/30/2026
12/31/2018	3,674.18	-73.84%	1,496.06%	44.68%
12/31/2011	4.25	-73.60%	1,379,715.29%	92.98%
12/31/2022	16,539.50	-71.95%	254.56%	43.57%
3/31/2019	4,092.97	-70.85%	1,332.75%	44.37%
3/31/2012	4.86	-69.81%	1,206,528.60%	93.39%
9/30/2015	236.99	-68.27%	24,644.57%	66.97%
6/30/2022	18,731.30	-68.23%	213.07%	33.02%
9/30/2011	5.14	-68.07%	1,140,797.86%	88.39%
3/31/2015	244.14	-67.31%	23,919.89%	62.78%
9/30/2022	19,425.13	-67.05%	201.89%	34.26%
6/30/2015	260.97	-65.06%	22,370.84%	63.60%
6/30/2012	6.65	-58.70%	881,736.84%	91.34%
6/30/2018	5,899.64	-57.99%	894.00%	33.25%
12/31/2014	317.36	-57.51%	18,378.12%	57.44%
9/30/2023	27,072.54	-54.08%	116.61%	32.45%
3/31/2020	6,481.37	-53.85%	804.78%	42.25%
9/30/2018	6,561.30	-53.28%	793.76%	32.66%
3/31/2023	28,395.30	-51.84%	106.52%	25.00%
3/31/2018	6,852.51	-51.20%	755.78%	29.72%
12/31/2019	7,158.27	-49.03%	719.22%	38.21%
6/30/2026	**58,642.15**	**-48.85%**	**???**	**???**

Source: Bloomberg

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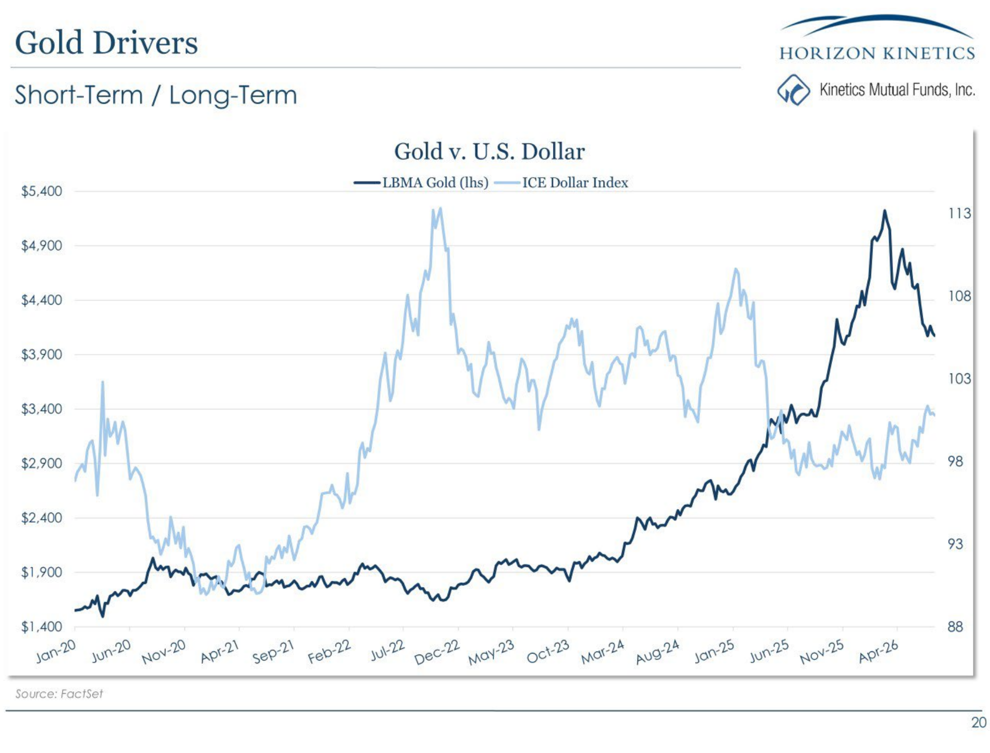
We originally got involved in bitcoin I think over 10 years ago. Our viewpoint was to put your capital to work and then leave it alone. Honestly, that can be said about a lot of our investments, which I think Peter has touched on earlier, but it's just as important in bitcoin because interim price movements may not always reflect the long-term trajectory. And those are tied to the bitcoin vectors I mentioned previously. This might surprise some, but this current drawdown of about 49% that ended, if you calculate this on a quarterly basis, ended on June 30. If you were to compare that to prior drawdowns, it would only be the 21st drawdown to end of quarter since Q3 2010. There's 20 other quarters where if you invested from the top to the bottom, the total drawdown was greater. And that's not just specific over a quarter, that's the total drawdown that ended on a specific quarter.

In 2018, it was 74%. So I'd argue this isn't really new. You can see the subsequent returns after these drawdowns were extremely impressive, but I'm not going to act like we can predict where things can go from here, especially in a short-term basis. The point here is that you can get yourself into a lot of trouble by trading something as volatile as bitcoin and trying to time the tops and bottoms. But if you ever did so successfully, my question is, did it meaningfully improve your risk-adjusted return profile? We still view bitcoin as a binary outcome, even with all the history and adoption that has taken place.

While we think the risk has gone down over time, there's still a significant risk to the investment, just as there's still significant upside and success mode. But the long-term trajectory, one that's tied to both the scarcity of the asset and the ever-depreciating value of fiat assets in comparison, that's still as strong as ever. So, as a long-term patient investor, one who's decidedly interested in hard assets and stores of value, we remain undeterred by the recent price movements, because the problems that bitcoin was created to mitigate—the centralization and ever-increasing supply of fiat currencies and associated debt levels—all of that still exists today. So instead of viewing price as a reflection of the current value of bitcoin, consider what changes have actually happened in recent months that either fixed these prior issues with fiat currencies or have mitigated the solution that bitcoin really is.



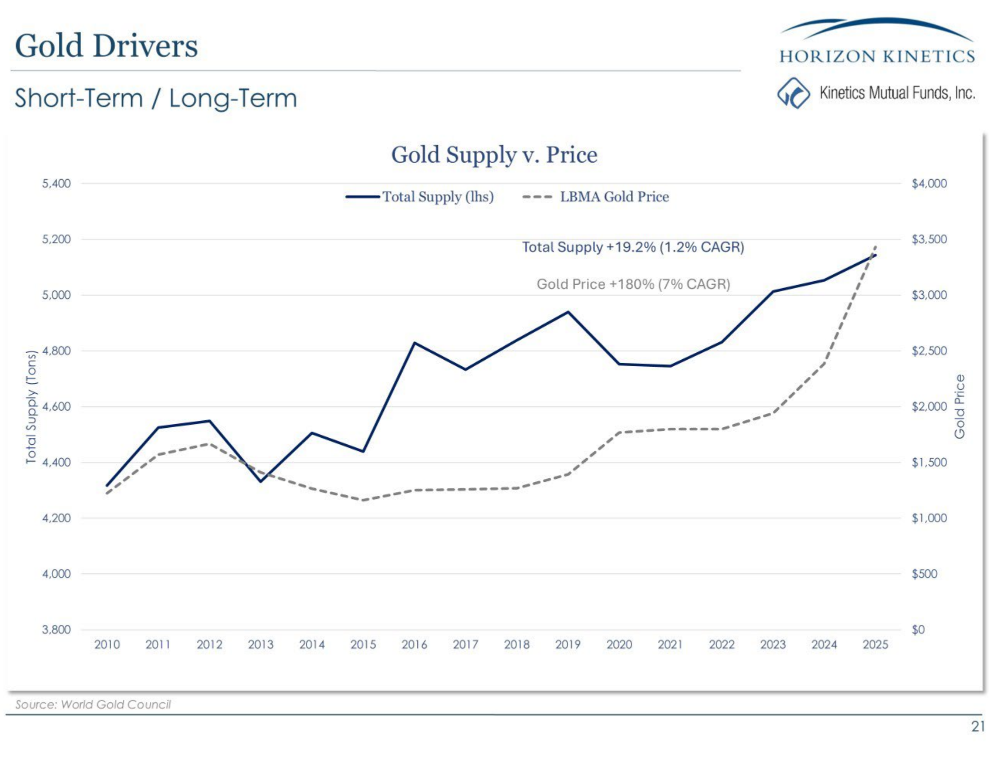
With that, I'll pass this back to James for final comments and to touch on the precious metal space.

James Davolos: Sure. Just really quick on gold. Look, in a real-asset environment, I think there's a very,

very strong case for stores of value including gold. Short term though, there’s clearly market-driven factors. This is about a six-year chart going back to 2020. You can see that gold had an inverse relationship with the dollar. Dollar came down, gold bounced off its lows, gold kind of went nowhere and then it actually didn’t really react. I mean it came down, but not meaningfully, when the dollar really surged in ‘21 and ‘22. But then it was fairly steady between ‘22 and ‘25 as the dollar bounced around 105 and 108, which is an extremely strong range. It wasn’t until the dollar broke back down into the hundred range and you had the second Trump administration that gold broke out again.

You’ve had recent strength in the dollar related to safe haven around straight moves and conflict, which has taken gold off its highs. The point of this chart is just to show you that there’s a lot of noise in terms of gold, in terms of short-term and sentiment players. I think a big misunderstanding that people have is around gold mine supply. Gold mine supply only adds around 1.5% to 2% of gold to the market every year, because most of the gold in the world is held above ground, and a lot of that’s readily transferable into markets, whether it’s bullion or coins or other areas where it could be pretty easily converted. Through a pretty strong gold environment, you can see the blue line in terms of total mine supply.

That is just mines, not net recycling, but that’s only grown about 1.2% a year, even as the gold price through the end of ‘25 had grown 7% a year.



Yes, gold mining is structurally very profitable today, but it's much more important to look at structurally who's buying. The buyers, jewelry does what it does and electronics does what it does, but the real delta is going to be around investment. Investment is ETFs, it's coins and bars, some of which is institutional, a lot of which is retail in emerging market countries. Obviously, the dollar impacts their ability to buy—lower dollar, stronger rupee, yuan, et cetera, impacts their ability to buy. But central banks are the ones that really started this party and they've continued to buy. My point is all the preconditions to want to own gold as this cycle began will continue, and have gotten even stronger.

There is not a huge supply responsibility of the mines even up at these elevated levels. Gold mines are complex. They take a long time to develop and they're expensive. They're generally in not that friendly of jurisdictions and labor is an issue. I think precious metals play a role in real asset portfolios. We prefer to play it through royalty companies. But again, there's probably going to be a rising tide that lifts a lot of ships. I think gold is going to be one of those beneficiaries if you can own it through the right wrapper with the right type of duration.

Typically, we leave some time at the end here. We'll stay for a bit to field some questions and answers. Feel free to submit your questions through the chat portal here in the webinar.

Somebody is asking about the pipeline capacity takeaway from the Waha Hub. For those who aren't as familiar, in West Texas, gas that does not have ability to get on a pipeline to Henry Hub in Louisiana or down into the Gulf Coast are generally sent to the Waha Hub. Waha has been highly negative for a lot of the summer and even late spring. A lot of that was related to associated gas coming out of the Permian, but then also straight up Hormuz closures. There is a couple billion cubic feet of gas, actually about 4.5 billion cubic feet of gas, that is going to be coming online between now and the end of the year to alleviate that bottleneck and get that gas west. Some of that western gas is going to find its way to Henry Hub in Louisiana. A lot of it is going to find its way down into the Gulf, which is going to be contracted for LNG.

So net-net, it's definitely going to benefit every stranded molecule that is stuck in Waha. So you could be going from getting negative $1, $2, $3 in MCF just to get rid of it to positive, let's say Henry Hub minus $0.50 to a $1.00. In this environment, $2; in the winter months, you might be getting $3 or $4. So, immensely positive for that gas. It probably will, at the margin, pressure the prices at those other hubs that are not subject to these 4 BCF. But the map that we're looking at between data center and domestic demand for power, as well as LNG from a geopolitically stable country, we think the market is going to be able to absorb that.

One notion that is worth mentioning is that all gas that is being delivered into the Southwest has been impacted by negative Waha gas—in particular, San Juan Basin gas, which is up in northwestern New Mexico. They deliver most of their gas into the Southwest, places such as Arizona and Southern California. That's getting squeezed out by very cheap gas from Waha, as well as if you're trying to get north, then they get squeezed by Western Canadian sedimentary basin gas, which is even worse. Not even worse, but equally bad, let's call it. So, net-net, as you start getting this negative-basis gas out of those markets, I think that the San Juan hub will revert to a historical discount of let's say $0.50. At $3 to $2.50, they're making plenty of money. In winter months, if you have some squeezes up into the fours and fives, they're really making money. It's not going to happen tomorrow, but I think that this benefits people with gas stuck in Waha and then other people that are competing with Waha gas right now.

We have one question on exchanges and their correlation to market activity. Maybe Brandon can take a stab at that, and then Peter and I can review some of the other questions.

Brandon Colavita: Yes, so the question is, what about the risk that exchanges are highly correlated to markets and activity, in that a down market would reduce the amount of activity hedging and speculation? What I'll say here is, if you go back, and we're not big on this, but if you look at the price levels and the total return of most of the exchanges in the world, they're actually considered low-beta. One of the reasons for that is that they don't just collect on fees during upticks they also collected on downticks. So, volatility actually adds to their business. The fear with an exchange, at least in terms of a worse or a bad environment, would be something like a prolonged uptick or a prolonged trajectory that doesn't have a lot of volatility mixed in. That's one of the bigger risks, but even so, they still have extremely favorable business models.

They're viewed as being tied to the markets. I don't think that we've seen that in terms of the actual execution and fundamentals. If you look at the actual trading for pretty much any contract that a lot of these derivatives exchanges at least offer, they've been able to grow volumes in excess of the actual price appreciation of those underlying markets. We did this in a prior presentation. I'm not sure if it was on a mutual fund, but we have the data where we show the volume growth of specific contracts compared to some of those popular trade products out there. It didn't matter if the pricing of the underlying asset went up substantially on an annualized basis. It didn't matter if it stayed flat and it didn't matter if it went down. As long as there were movements and ticks up and down, then these exchanges were able to collect volume, and the volume grew far in excess of what we saw with price.

So personally, and as a firm, we're not as worried about these companies, the exchange sector being tied to the actual economic outcomes of specific markets. If you look at some of our prior work, we've seen that exchanges typically outperform the regional markets that you can compare them to. So that's kind of our take on this. We're pretty satisfied with these businesses in up and down markets.

James Davolos: Thanks, Brandon. Another question: Will royalty companies benefit from new royalty mining with higher PM prices? Short answer is yes. I mean, their revenue is a function of volume times price, but what we've seen over the last decade is that, as opposed to new mines, existing mines are being expanded either laterally or subterraneous. This is all generally captured by the mine plan that is covered by the royalty. This might be in the portfolio for having, let's say, a total million ounces of net royalties. But in that mine plan, it does not include an expansion. It's free optionality. When people look at the price-to-NAV multiples on these businesses, it's not finite. You don't just have an apartment building, you lease it and you're subject to rents. You can expand that, but you're not funding the expansion, whether it's to the side or below.

So, all else equal, I think in this world, to the extent that you're going to see mine growth, it's going to come a lot from expansions, not new developments. That's distinctly to the benefit of the royalties. One last question—I'm not sure I fully understand—about water aside from the Permian. Water is the ultimate scarce asset, hard stop. This question alludes to the Colorado River Agreement where the

Colorado River flows down all the way through into the Southwest, emptying down into the southwestern United States. There's very specific rights to how that water is allocated along that river basin. In Arizona in particular, also Southern California, there's going to be some really big problems, because a lot of that water's being allocated on seniority to lower-value-add farms, and you're having data centers and municipalities having to really bid up any types of water rights that they have.

It's difficult to figure out ways to get exposure to that, particularly in public markets, even private. It's not that easy, although we have some exposure in some of our private vehicles, but I think water is going to be the preeminent scarce asset for the decade ahead. Fortunately, TPL, WaterBridge, LandBridge all have different aspects of their business models that might play an increasingly important role in that ecosystem. So, stay tuned there and let us know if you see any interesting opportunities in water, because it's front and center for us.

With that, we have no more questions unless Peter wanted to add some closing remarks. We will see everybody at the Investor Day that Chris mentioned and hope everyone has a wonderful rest of your summer.

Peter Doyle: Thank you, James. Thank you, Brandon. You both did a great job and thank you all for joining us today.

The Internet Fund

Top 10 Holdings as of June 30, 2026	%
Grayscale Bitcoin Trust ETF	38.7%
Texas Pacific Land Corp.	32.6%
Grayscale Bitcoin Mini Trust ETF	4.5%
CACI International, Inc.	3.4%
Miami International Holdings Inc.	3.3%
SB Technology, Inc.	2.8%
OTC Markets Group, Inc.	2.5%
Landbridge Co. LLC	2.1%
Galaxy Digital, Inc.	1.7%
Bolt Data & Energy Inc.	1.6%

The Global Fund

Top 10 Holdings as of June 30, 2026	%
Texas Pacific Land Corp.	21.1%
Grayscale Bitcoin Trust ETF	13.3%
Hawaiian Electric Industries, Inc.	7.0%
Fairfax India Holdings Corp.	5.7%
Landbridge Co. LLC	5.6%
Investor AB	4.9%
White Mountains Insurance Group Ltd.	4.9%
Euronext NV	4.9%
Galaxy Digital, Inc.	2.7%
SB Technology, Inc.	2.5%

The Paradigm Fund

Top 10 Holdings as of June 30, 2026	%
Texas Pacific Land Corp.	69.3%
Grayscale Bitcoin Mini Trust ETF	7.5%
Landbridge Co. LLC	6.1%
Hawaiian Electric Industries, Inc.	4.1%
Brookfield Corp.	3.0%
Cboe Global Markets, Inc.	1.2%
Miami International Holdings, Inc.	1.2%
CACI International, Inc.	0.9%
Grayscale Bitcoin Trust ETF	0.8%
Live Nation Entertainment, Inc.	0.7%

The Small Cap Opportunities Fund

Top 10 Holdings as of June 30, 2026	%
Texas Pacific Land Corp.	55.3%
Landbridge Co. LLC	5.9%
Hawaiian Electric Industries, Inc.	5.1%
WaterBridge Infrastructure LLC	4.7%
CACI International, Inc.	4.4%
Civeo Corp.	3.7%
Grayscale Bitcoin Trust ETF	2.6%
SB Technology, Inc.	1.7%
DREAM Unlimited Corp.	1.7%
Miami International Holdings, Inc.	1.3%

The Market Opportunities Fund

Top 10 Holdings as of June 30, 2026	%
Texas Pacific Land Corp.	47.2%
Grayscale Bitcoin Trust ETF	9.0%
Hawaiian Electric Industries, Inc.	7.2%
WaterBridge Infrastructure LLC	4.7%
Landbridge Co. LLC	4.3%
Miami International Holdings, Inc.	2.8%
Bolt Data & Energy Inc.	2.0%
Partners Value Investments LP	1.8%
White Mountains Insurance Group Ltd.	1.3%
Permian Basin Royalty Trust	1.1%

The Multi-Disciplinary Income Fund

Top 10 Holdings as of June 30, 2026	%
Brant Point CLO Ltd. 2024-4-AA tranche	5.7%
Sound Point CLO Ltd. 2025-1R-AAA tranche	4.6%
Apex Credit CLO Ltd. 2021-1-AA tranche	4.6%
Elevation CLO Ltd. 2013-1-AA tranche	4.3%
Atlantic Avenue Ltd. 2023-1-AA tranche	4.3%
Warwick Capital CLO Ltd. 2023-2-AA tranche	4.3%
Black Diamond CLO Ltd. 2022-1-AA tranche	4.3%
Eaton Vance 2013-1-AA tranche	4.3%
BlueMountain CLO Ltd. 2021-33-AA tranche	4.3%
Venture CDO Ltd. 2022-45-AA tranche	3.6%

The Spin-Off and Corporate Restructuring Fund

Top 10 Holdings as of June 30, 2026	%
Texas Pacific Land Corp.	77.7%
Landbridge Co. LLC	6.5%
Associated Capital Group, Inc.	3.5%
Hawaiian Electric Industries, Inc.	3.2%
WaterBridge Infrastructure LLC	1.4%
GAMCO Investors, Inc.	1.1%
Civeo Corp.	0.9%
PrairieSky Royalty Ltd.	0.8%
SB Technology, Inc.	0.7%
Grayscale Bitcoin Mini Trust ETF	0.4%

*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.