

KINETICS MUTUAL FUNDS, INC. CONFERENCE CALL

WITH PETER DOYLE JUNE 26, 2008 at 11:00 a.m. EST

Disclosures

Kinetics is pleased to announce that on June 26, 2008 the Chief Investment Strategist of Kinetics Asset Management, Inc., Peter Doyle, hosted a conference call to investors. The above transcript is intended to provide a summary of Mr. Doyle's remarks and is in no way intended to be an exact replica of the statements that were made on the conference call.

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[Introduction by Christopher Bell, Director of Sales and Marketing]

Hello everyone, this is Christopher Bell. I am the Director of Sales and Marketing with Kinetics Mutual Funds and I would like to welcome you to today's second quarter-ending conference call. I will be joined today by Peter Doyle, Co-Founder, CEO, and Chief Investment Officer of Kinetics Asset Management. I would like to make sure everyone knows how to access our website, www.kineticsfunds.com, where you can find the most recent disclosure documents for each fund, including the most recent Prospectus. If you go into the "Financial Professionals" section you will see our Fact Sheets, along with a listing of each funds' month-to-date, quarter-to-date, year-to-date and annualized performance, as well as the top 15 holdings, updated on or about the 20th of each month for the previous one-month period.

At this point I'd like to turn the call over to Peter Doyle and then we'll take questions at the end. Peter Doyle started his Career in 1985 at Banker's Trust Company in New York City. In 1994, Peter and his colleagues co-founded Horizon Asset Management, and in 1996 he co-founded Kinetics Asset Management, Inc. He continues to be Chief Executive Officer and Chief Investment Officer of Kinetics. I'm proud to pass the phone over to a great friend and great investor, Peter Doyle.

[Christopher Bell Ends]

[Peter Doyle, Chief Investment Officer - Begins]

Thank you everyone for joining us today, as we know your time is valuable. Before I begin, let me say that our intention today is not to talk theoretically about the financial industry, but rather to provide our analysis of the current market conditions and to explain how those conditions affect the holdings in our portfolios, something that shouldn't take more than thirty minutes of your time.

I guess if I was sitting on the other side of the table and I was an investor in our funds, the first question I would have is, "Has Kinetics Asset Management lost its way? We've obviously had some level of success historically, and the natural question is, has that success led us to become blinded to new realities in the marketplace, and, are we so wedded to our ideas that we no longer are able to distinguish facts from fiction? Have they become something that we prize and want to hang on to despite the facts?" And I can assure you that is not the case. Our success historically and our success or failure in the future is going to be dictated by the business returns of the companies that we own. And from that standpoint, we are reasonably confident—not reasonably confident, we're *very* confident—that the facts support that what we're doing makes a lot of sense. We do not treat these stocks as our children, and if we felt that the underlying business operations of these companies were somehow impeded or eroding, we would certainly reduce our positions or get out of the positions completely. We are not finding that to be the case with the overwhelming majority of securities. Obviously, everyone is well aware of the situation of Bear Stearns and the hedge fund managers over there making, perhaps, misleading statements. I can assure you that I have been, over the last several months, adding fairly aggressively to our funds as well as to some of the top names within our funds. And I personally view this as probably one of the best investment opportunities that I've ever seen in my career. So, that being said, I don't think we have lost our way in any way, shape, or form. I think we constantly

question ourselves. I think we're constantly questioning the underlying data to make sure it supports the view that we have of these particular holdings.

In our opinion, the current scenario is the mirror opposite of the year 2000. In late 1999 and early 2000, many investors were underestimating the risk and it was, by definition, a bubble period. And the reason why I say "by definition," is that you define 10, 20, 30 different companies that were all hoping to achieve or all focusing on the same market and they all claimed that ultimately they were going to achieve a 20%-30% market share. Now, that could be true of three companies—maybe five at the max—but it certainly couldn't be true of twenty companies. Yet all twenty companies were priced, at the time, as if they were going to achieve a very large market share. So, by definition, you knew that that could not be achieved and it actually had to come to a bad end. At that time, we were telling investors—and we lived through 1999, where we saw companies like Berkshire Hathaway Class B shares fall from 2800 to 1300 in literally a nine month period of time—we were telling people that this was going to come to a bad end and, even though we ran the Internet Fund, we were trying to become fairly defensive at that time and were explaining to investors that they should be very cautious. We largely avoided all of that technology bubble because we couldn't justify the valuations and we thought it was clear that such securities were greatly overvalued and in some cases bordered the insane.

Today, the thing that has happened over the last eight and a half years is that the equity risk premium has continued to rise and if you look at the real rate of returns for stocks for the last eight and a half years, you'll find that the real rate of return has been negative. So, that's saying that, basically, despite the overwhelming increase in intrinsic value of certain businesses over the last eight and a half years, on balance, the market is willing to pay less of a price for those securities today than they were at the start of 2000. In other words, the equity risk premium has grown over the last eight and a half years. The only way that you can believe that the current

environment will continue is to believe that the equity risk premium will continue to grow indefinitely, and we're not of that opinion.

So, today, you're seeing a situation where the underlying investments that we have, in many cases, there's mutually exclusive outcomes. So, if you believe inflation is going to be a problem, the Canadian oil sands companies that we have are likely to be good investments or the integrated oil companies like Exxon Mobil, Total, etc. would be good investments. And yet when you look at some of those companies, in the case of the integrated oil companies, they trade at 8x or 9x earnings. So there's obviously a fear that the price of oil will not be maintained here and could come down fairly substantially. At the same time, people believe that we're in the process of going through—or at the start of—a recession, perhaps a very long and severe recession, and you look at the financial services companies, particularly the financial exchanges and the asset management firms that we hold, and you see, on a normalized earnings basis, these trade at very modest valuations. So, I can accept the fact that one situation might unfold, but I can't accept that multiple situations that have mutually exclusive outcomes can unfold at the same time. So, by definition, there is tremendous opportunity in the marketplace and the opportunity is in the names that we, obviously, hold or we believe that's where the opportunity is. And really, investing is an outbranch of economics, and in economics, which is a social science, the only way to make significant money is to have a view of the world that is at odds with everyone else's. And right now, I would say that the overwhelming majority and sentiment happens to be very pessimistic. And as a result of that, you're able to find opportunities that are very compelling, and I think you'll be rewarded for that because I don't believe the equity risk premium will continue to rise indefinitely—and certainly not in businesses where the earnings growth rate year over year might be 50%-100% and the stocks are really trading at normalized earnings looking out over the next year or two years at maybe 7x or 10x earnings. It's a very compelling time to buy.

So, we're finding opportunities, particularly in the financial services sector, which are obviously the most overwhelmed in terms of price decline in the first six months of this year. And the reason for that is that back in September of last year with the housing crisis coming into view, people believed that the housing crisis was going to roll over into the broader economic sector, and also, further than that, roll over into the financial activity for the United States. So, if you look at the economic numbers, be it employment or unemployment numbers, steel manufacturing, factory utilization, etc., most of the economic statistics, at least through today, have actually held up reasonably well. That doesn't mean there aren't pockets of weakness, including housing starts, etc., mortgage foreclosures are up very substantially. But this anticipated decline in the economy, while there's certainly been a slowdown, we're not quite seeing the collapse that people were anticipating, and we're certainly not seeing the collapse in the earnings of the financial services companies that we own in the portfolio. In fact, we're seeing the mirror opposite of that. So, really, you're in a situation where you have the best of all possible worlds. You have earnings in 2008 versus 2007 that are up very substantially, you have a valuation decline in the stocks that is very severe, and you also have a much lower interest rate environment, which, typically, is a good thing for financial assets, and in theory should be bid up in value but have actually done the mirror opposite. And it's all anticipation of basically this collapse in earnings that's expected to occur. I believe, as we now approach June 30th, it becomes harder and harder to justify that premise and I know—I'm reasonably confident—actually *beyond* reasonably confident—that come late July, early August, the exchanges that we own, the overwhelming majority of them will report far higher earnings in 2Q08 than in 2Q07. And even if you were very negative about what might unfold in the economy and amount of financial activity, as you get further into the year 2008, your view starts to look out into the year 2009, and most people are anticipating a recovery by that time. So now, investors are going to be faced with a situation, anticipating higher numbers in 2009 versus 2008, and the numbers for 2008 were substantially higher than for 2007, and you're now in a much lower interest rate

environment. So, my belief is that at some point there's going to be a violent correction and that violent correction is going to be on the upside. Eventually, there's going to be a reconciliation to what the overwhelming majority of people in the marketplace are believing would occur and what is actually unfolding for these investments. So, I guess, anyone that's been in the business for any length of time realizes that probably the worst thing that you can do is try to time the market, and if you're out of the market the top five days, top ten days of a given year, or a given five year period of time, you find out that the bulk of the returns are actually included in those days. We're of the belief that those top days are coming and it's not going to go too far out into the future because the views in the marketplace are very extreme. You have, on the one hand, certain hedge fund managers that believe that companies like MBIA and Ambac are insolvent companies and even if you injected tens of billions of dollars into those companies they would still remain insolvent. And then you have other, very astute investors on the value side, that actually believe that not only did they not need to raise capital, but they will basically do well as an investor in those businesses if they let the business merely run off and ultimately achieve the book value that they think the company will achieve with the passage of time. So, there's certain companies, like MBIA, where there are particular notes that are supposed to pay for the first time July 15th of 2008, and one camp says that those notes will never pay and they're not money-good pieces of paper, and there's another camp that says that those notes will pay and not only will they pay, but they will get 100% back on their money, i.e., those notes will mature at par. So, that's coming in 15-20 business days and the world is going to know one way or the other which camp is going to be right. And as the second quarter numbers are released, I think there's going to be further evidence that certain businesses were not impacted by this "credit crisis" and what we perceive to be merely a liquidity crisis as opposed to being an asset quality crisis and as a result of that, the equity risk premiums will likely shrink very dramatically. So, long way of saying it: We remain very optimistic. We believe it's probably the most compelling investment opportunity set that we have ever seen in our investment careers, and all of the data that,

basically, we think is critical to understanding our businesses remains very robust and positive and it's probably the most compelling investment opportunity that we've seen in our careers. And with that, I'm just going to highlight several companies and then I'm going to take the questions that I have received.

First company in question is a company called Hong Kong Exchange and Clearing. The stock is probably down something like 55%-60% year-to-date. If you look at the business and the earnings growth, the earnings growth over the last five years, I believe, has been close to 60%, and it might even have exceeded 60%. But if it's not 60%, it's a tad below that. The company is trading at 14x trailing earnings. When I look at that business, it has a return on that capital of 81%, it has the highest net margins of any businesses that I've ever analyzed in my life, and it sits astride the greatest economic development that mankind is likely to see, and it's basically how the Chinese government is starting to allocate resources. So, if you were to combine the New York Stock Exchange with the Chicago Mercantile Exchange with the Options Clearing Corp., that would really describe what the Hong Kong Exchange and Clearing is, and you're able to buy it as if it's starting to go out of business. And it's anything but that. So, it's hard to envision a world where three years from now, five years from now, ten years from now, orders of more volume, which is really how the exchanges make their money, won't be going through that exchange and how the company won't be earning substantially more money and the earnings growth rate is likely to continue at its previous five-year pace and go on uninterrupted for the next five to ten years. So, in our opinion, it's a once-in-a-lifetime opportunity and the way the market is viewing it is it's a proxy for the Chinese stocks and it's a leveraged proxy because if the volume were to ever dry up, then that stock's earnings would decline far rapidly. And yet there's no evidence of that happening, so people are just using it as a proxy for the market to short something and, in reality, the business operations are flourishing in a way that's hard to actually describe it's so positive. So, we remain very confident that we will make a lot of

money on that investment and there's nothing from an operational standpoint that leads us to believe that we're not going to make good money with the extension of time.

The second company that we own is a company called Suncor, and Suncor – we probably have made an investment in (which is a Canadian oil sands company) - we have probably been in that company for close to 7 years now. At the time we were buying Suncor, it was actually trading at or near its all-time high, and even though we tend to be “Contrarian” or “value investors,” we believed that the underlying assets that they own – the oil in the ground and the Canadian oil sands – was being tremendously undervalued, and you were able to buy a barrel of proven reserves back then at roughly \$1-\$1.50, I think it was, and compared to owning an integrated oil company, where you might have been paying \$15-\$16 a barrel, so also, unlike the integrated oil companies, the Canadian oil sands companies were increasing their production capacity, and if you had been in Exxon Mobil for the preceding 10 years prior to the run up in oil prices, you really made, essentially, their dividend yield. If you were in Canadian oil sands companies, you really made 20x-22x annually on your investment, because that was the amount that the production capacity was expanding on an annual basis, and their earnings were growing on that order of magnitude. The same story is true today that it was 7 years ago, and even though we might be up 7-8-fold in some of those names, those names remain very compelling – very undervalued, based on the proven reserves that they have relative to the integrated oil companies, and the Canadian Government is still allowing for production capacity to expand, and most of those companies, over the next 3-5 years, will be producing far more oil and, in some cases are likely to double the amount of oil as they are today, and the earnings, even if the price of oil were to come down, will probably grow over that 3-5 year period of time, so while I won't describe them on the surface as being cheap companies, nor would I have been able to do that 7 years ago, they still remain very compelling investments, and it's something that were likely to be talking about 10-15 years from now, and primarily because the ability to basically supply energy is not

keeping up with the demand for energy, and in basic economics, that means that the price of oil is likely to go higher.

The last company I'm going to speak about is a company that we purchased with the fallout of Enron and the collapse of the utility companies here in the United States back in 2001 and 2002 – this company called Reliant Energy, and Reliant Energy – I remember well, because I use this as an example – Reliant Energy – we were first starting to buy it at, I believe, roughly \$10 a share. In one single day, the stock fell from \$10 to \$4, and the reason it fell was that the company lost its license to trade energy contracts. Now, if you were paying attention to the situation, as an investor, that was the best thing that could have happened to you, because the energy trading business was the thing that got them into trouble. It caused massive amounts of debt to be taken on. It got them locked into contracts that became uneconomic, and you should have been ecstatic by that, and yet the stock, on that day, fell 60%, and the market wasn't paying attention to what was really going on, and now, since they took the license away, you knew that just the monopolistic utility business was going to generate cash flow, and it was going to basically pay down a lot of debt, and with the passage of time, each time you pay down \$1's worth of debt, if you believe that the enterprise value should be the same, it meant that the equity should go up by \$1, and since they only had a sliver of equity at the time, every dollar that they paid down represented a tremendous increase in the equity value, so those types of stocks – companies like Williams, El Paso, Reliant – where we were buying them at a situation where most of the world was running away from them, because they didn't believe the earnings could be restored for a number of years, or the licenses that got them into trouble were being taken away – it was absolute panic at that time, and at the time that most people were downgrading and running away from them, that was the time to be buying them, and with the passage of time, we were proven correct in that, not because we were so smart, but because the business operations lent themselves to a great degree of predictability, and we knew if we just displayed some fortitude and some patience, we would ultimately make very good money in those stocks.

That is true of the financial services companies that we today – we believe it’s true of the financial services companies today, and also the Chinese companies that we own today. In fact, it’s probably a much more compelling scenario today than it was back with the utility companies, because the utilities were ultimately going to have capped returns. In the case of the exchanges, there’s not capped returns, and there’s no limit to the amount of volume that might be going through the global exchanges, looking out over a 5-10-15-year period of time, and since that business is very leveraged from an operational standpoint, not from a financial standpoint – you know, trading 5 billion shares a day vs. trading 20 billion shares a day doesn’t mean your profits go up 4-fold; it may mean they go up 12-fold, and that’s the potential opportunity for these companies, and we don’t believe the exchanges, while they receive a lot of financial press, are well understood, and if we’re correct, and the volumes continue to grow the way they have over the last 20-30 years, we’re likely to do extraordinarily well in those investments, so with that, I’m just going to stop that as sort of my prepared remarks, even though I didn’t really prepare. Hopefully I made some sense to you.

I’m going to now read the questions that were submitted to us. The first question came from Janney Montgomery Scott, and it is: “Can you explain the 1Q performance and attribution? Where do you see the biggest rebound?” And for us, the underperformance – it’s not a mystery – it really came from the exposure that we had to financial services companies in broad terms, and it also came from the Chinese companies. Chinese companies really corrected far more aggressively than the financial services companies here in the United States, and it’s a classic case, in the case of the Chinese companies, where the US is alleged to be going into a severe recession. Countries like India and China that rely on exports are going to be affected dramatically as a result of that. Let’s get out of that. I could buy into that premise, and I might accept it if the companies of the exporters went down dramatically, but you had companies like the Beijing Airport, which we’re big holders of, went down 70% from its high, and say what you want about the Beijing Airport – maybe we’re wrong in our analysis of it, but it doesn’t export

anything, and if you want to land in Beijing, that's really where you have to land, so the market took down securities that really had no bearing, necessarily, or very limited bearing on the health of the US economy, and somehow, there's a belief by US investors and global investors that the typical Chinese individual has to live in close to abject poverty, as a result of let's say several million people here in the United States foreclosing on their homes, and the internal market of China is likely to be 4x larger than it is here in the United States, and just from the internal growth of that country, you're likely to see companies that have market capitalizations that are quite astounding in the future, and it's hard to envision a world, looking out again over a 3-5-year period of time where more and more people are not flying in and out of Beijing, whether it's coming domestically or overseas, with people wanting to do business in China, and if you make some very modest assumptions of what they might pay for landing on that real estate, you come up with a company that might be trading at 2x or 3x earnings today, and it's really a situation where you're able to buy the company, in terms of its enterprise value, below what it costs the company to construct the airport itself, so even if I gave you the roughly \$7 billion enterprise value of the company, and asked you to go replicate what they have, you could not do it, because you don't own any of the land, and you couldn't get the license to do it if you wanted to, so if you believed that China was a bubble 7-9 months ago, it's clearly not a bubble anymore. In fact, people are pricing securities at the Beijing Airport or the Hong Kong Exchange as if China's going into a massive depression, and it's clearly not the case, so whether their growth goes from let's say 11%-12% annually down to 8%, it's not going to be the end of the world, and the standard of living there is going to rise at a very rapid pace, and it's hard to envision a world, again, where more economic activity is not going to go on there.

Second question: "New York Stock Exchange loses market share. What other sources of revenue do they have that would offset that?" In our opinion, people are confusing market share with volume, and while there's no question that the floor of the New York Stock Exchange has lost market share to electronic platforms, that was the whole premise for the New York Stock

Exchange acquiring Archipelago a number of years ago. They realized that's where the world was going, so if you look at the actual volume of domestic equities traded on the New York Stock Exchange Euronext, you see that actually the market is growing at a very large rate, and I think volume, year over year, for domestic equities, which is perceived to be their big problem, is up about 24% in the first quarter, so I'm reading stories about how it's the lowest volume in the last 7 years. They're talking about the floor, and there's no question that they wanted to scale down the size of the floor and move more into this electronic market. The company also has the potential to make significant revenues from the data that they have, and not the data that's providing stock quotes that can come from BATS or NASDAQ, etc, but it's more of the sophisticated data that's basically likely to aid in the trading of statistical arbitrage – hedge funds and things like that, where they can show you patterns of trading, and have historical volumes and things like that, that would be of great interest to very many institutional investors, so if you look at what's going on, you have companies like Bloomberg that are trying to prevent the sale of data by the New York Stock Exchange, because they know that raw data is very, very valuable, and basically would compete against them, and ultimately, since they really do own the data, there's no legal reason for them to not allow them to be able to sell that, and eventually that's going to provide a significant and growing revenue source for them, so there's a lot of ways to win in the New York Stock Exchange. The stock is down very substantially year to date, as are all of the exchanges. None of it is based on what is going on operationally. I ask you and compel you all to go read the news stories, the press releases, the earnings announcements for the companies for the first quarter. The second quarter will probably be done in another month. You'll be very excited about what you see.

Third question: "Heightened market volatility – what happens to volume in the normalized environment?" Really, the shift that has been going on is that there are more and more asset classes being developed. There are more and more products that are being developed. If you look at let's say the fixed income market – if you're an individual investor, and you

wanted to buy \$100,000 worth of a bond, chances are you're getting hit by 1 or 2 points by the broker community. The bid/ask spread is not that tight. They could come up with ETFs for bonds, and let's say PIMCO could come up with an ETF for bonds – a bond portfolio – 3-year, 5-year, 4-year - and they would trade on the exchanges, and it doesn't mean that people are trading less in bonds. It means that the ability for investors to buy without paying a high spread would be much greater, and now, if you're an individual investor, instead of saying, "I don't want to be focused on the 3-year note. I want to extend my time horizon to the 10-year note" – you might be able to do that in an ETF in the not-too-distant future, and all of that potential volume from trading – be it futures, options, bonds that would trade via ETFs - is all potentially coming down the pipe, and it's hard to see how that's going to start reversing itself anytime soon, so the market environment in normal time is likely to be higher 5 years from now than it is today, because of all the different products that are likely to come on.

Number four: environmental issues vs. demand for hydrocarbons – the future of Suncor, Canadian oil sands, etc. No question that stripping the land up there has created environmental issues, and there are a number of environmental groups up there that are very concerned with what's happening. Their cost of basically improving that land that - once they take the Canadian oil sands or bitumen out of the property – has risen over the years, but it's unquestionably – there's a need for the energy, and it's hard to see how that's going to set back. It's really a cost of business, and if they really have to reclimate the land, it's going to be passed on to people paying higher prices for energy in the future, and that, to me, sounds like a forgone conclusion. Now, I don't know whether or not the price of oil should be where it is today or 20% lower or 20% higher, but longer term, the economics are clear that the demand for energy is outstripping the ability to supply it, and in basic economics, that means that the prices are going to go higher in time, but it's never a straight line, and I think that's about it for the questions.

Chris Bell just asked me to comment on the merger between the Chicago Mercantile Exchange and the New York Mercantile Exchange, and to me, it seems like they got the approval

from the justice department. There was an issue with the rights, and those investors not being incensed enough to basically tend to the shares. They recently sweetened it with the payment plan, and the announced share buyback to basically get the value of that up, and my guess is that with the passage of time, they're going to do that, and that deal will get done, but my guess is probably only as good as yours, and we own both of those stocks, and even if it didn't get good, they're both still good investments, so I appreciate your time. Again, I guess the underpinning thing is that I don't believe we have lost our way as investors. I think the environment, if you truly take a longer-term view – I'm not saying that you need to wait 5 years for this to unfold, because I don't think that's going to be the case, but the opportunity sets and the ability to buy just absolutely world-class franchised businesses with very high returns on equity at very low valuations, relative to other alternatives, is by far the most compelling that we're seeing in our investment career, so thank you very much.

[Peter Doyle - Ends]

[Christopher Bell - Begins]

I'd like to thank you for being on the call. I'd like to restate a few things. First of all, as Peter was talking about the high ROE companies as that relates to low turnover, you ultimately achieve the return on equity of those companies in your portfolio by the way of performance through intelligent inactivity.

In 2006, we were up 28% in our Paradigm Fund, had less than 6% turnover, and paid less than 1% distribution. In 2007, we were up 21%, had less than 5% turnover, and paid less than 1% distribution. So, we are highly tax efficient, very low turnover, as we believe that is the only way to achieve the business returns that we're analyzing.

Finally, I'd like to give you a number through our 1st quarter average return on equity as portrayed to us through Factset. The average Return on Equity of the Paradigm fund was 20.78%. If you look at that number and realize that we are trading at in fact, trading at a 16% discount, because we're down 16% YTD in the Paradigm, we believe that we will have a very successful investment experience over the next 12-18 months. I would like to thank you again for joining us today. If you have any questions regarding the themes discussed today please do not hesitate to call anyone at Kinetics at 914-703-6950. Have a nice trading day.

PERFORMANCE INFORMATION



DAILY PERFORMANCE Data as of August 06, 2008

Daily Stats		SP 500 Index ¹	NASDAQ Composite ¹
Daily NAV	23.83	1289.19	2378.37
Change from Prior NAV	0.27	4.31	28.54
One day return (%)	1.15%	0.34%	1.21%

Total Return

Month to Date**	-0.96%	1.72%	2.27%
Quarter to Date**	-5.25%	0.72%	3.72%
Year to Date**	-23.11%	-12.20%	-10.33%

QUARTERLY TOTAL RETURN Data as of June 30, 2008

One Year*	-10.41%	-14.86%	-11.92%
Three Year*	10.69%	2.42%	3.69%
Five Year*	16.64%	5.61%	7.16" %
Since inception * ^	12.09%	-1.61%	-6.53%
Since inception ** ^	163.85%	-12.88%	-43.65%

HISTORICAL TOTAL RETURN

2007	21.15%	3.53%	9.81%
2006	27.81%	13.62%	9.52%
2005	16.11%	3.00%	1.37%
2004	20.93%	8.99%	8.59%
2003	47.77%	26.38%	50.01%
2002	-4.62%	-22.1%	-31.3%
2001	2.12%	-13.04%	-21.06%
2000	3.90%	-10.14%	-39.29%

* Annualized

** Non-Annualized

^ The Paradigm Fund inception date is 12/31/99. Performance data quoted represents past performance and does not guarantee future results. Figures include changes in principal value, reinvested dividends and capital gains distributions. Investment return and principal value will vary, and shares may be worth more or less at redemption than original purchase.

¹ One year, 3 year, 5 year, since inception, and historical total returns (where applicable) are without dividends reinvested.

The Fund's Total Expense Ratio is 1.67%.

Due to market volatility, current performance may be more or less than those shown for standard quarter-end periods.

Kinetics Mutual Funds, unlike other investment companies that directly acquire and manage their own portfolios of securities, pursue their investment objectives by investing all of their investable assets in a corresponding portfolio of Kinetics Portfolios Trust.

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.