



Kinetics Mutual Funds, Inc.

We Do Our Research



LIPPER
FUND AWARDS 2010
UNITED STATES



The Medical Fund

KRXAX - A Share KRXCX - C Share

MEDRX - Investor Class

JULY 2010



Firm Overview

Kinetics Asset Management

- Investment management firm founded in 1996
- Contrarian research of misunderstood value
- AUM: \$ 4.1 Billion
 - Domestic Mutual Funds
 - Offshore Mutual Funds
 - Separate Accounts
 - Domestic & Offshore Hedge Funds
- Paul Abel, Portfolio Manager
 - Managed the Medical Fund since inception (9/30/99)
 - Lipper Top Ranked Medical Fund – 10 Years

Kinetics Asset Management Kinetics Advisers, LLC	
<ul style="list-style-type: none">• US Mutual Funds• Offshore Mutual Funds (European UCITs)• Separate Accts• Hedge Funds	
Total AUM = \$ 4.1 Billion	

As of June 30, 2010



Fund Overview

The Kinetics Medical Fund

- 3 tier portfolio invested in medical research and pharmaceutical development companies
 - 45% large cap pharmaceuticals
 - 35% profitable biotech
 - 20% small cap biotech
- Tiered approach emphasizes risk management

Kinetics Medical Fund Highlights as of June 30, 2010

Inception Date	9/30/99
Style	Value
Fund Objective	Long-term growth of capital
Average Market Cap	\$40,792 Million
Assets	\$ 29.2 Million
Positions	54
% US/Non-US	64% US/ 36% Non-US
Forward P/E	38.7x
Alpha	0.66
Beta	0.67
R squared	33.56
Standard Deviation	22.01
Sharpe Ratio	-0.20

Definitions for the above terms are located on Slide Number 11

Historical Performance for The Medical Fund - MEDRX

As of June 30, 2010

Calendar Year Returns		
	<u>Medical Fund MEDRX</u>	<u>S&P 500 TR Index</u>
2009	24.47%	26.46%
2008	(20.42%)	(37.00%)
2007	15.47%	5.49%
2006	14.81%	15.79%
2005	(0.72%)	4.91%
2004	6.96%	10.88%
2003	23.19%	28.68%
2002	(29.14%)	(22.10%)
2001	(13.77%)	(11.89%)
2000	57.04%	(9.10%)

As of June 30, 2010	Medical Fund MEXRX	S&P 500 TR Index
Year-to-date	(6.76%)	(6.65%)
One Year**	4.77%	14.43
Three Year**	(1.85%)	(9.81%)
Five Year**	5.63%	(0.79%)
Ten Year**	0.59%	(1.59%)
Since Inception**	6.92%	(0.24%)

** Annualized

Top 10 Holdings (as of June 30, 2010)			
Johnson & Johnson	6.06%	Abbott Labs	4.48%
Biogen Iden Inc	6.05%	GlaxoSmithKline plc	4.38%
Life Technologies Corp	5.82%	Eli Lilly & Co	4.12%
Novartis AD – ADR	5.78%	Bristol Myers Squibb Co	4.09%
Genzyme Corp	4.96%	Cephalon Inc	4.08%

The gross expense ratio of the Fund is 2.27%, however the adviser has voluntarily agreed to waive fees and reimburse expenses so that the total operation expenses do not exceed 1.39%. These waivers and reimbursements may discontinue at any time. Performance shown is that of the Kinetics Medical Fund (No-Load Class). The assets in the fund as of June 30, 2010 were approximately \$29 million. The inception date is September 30, 1999. Past performance is no guarantee of future results and an investment can lose money. An investor's investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. You should consider the investment objectives, risks, charges and expenses of the Fund carefully before investing. **Investors may visit our website at www.kineticsfunds.com or call us at 1-800-930-3828 for a copy of the most recent Prospectus containing performance data current to the most recent month-end.**



Investment Process

- The Medical Fund employs all of the overarching Kinetics' investment principles
 - True long term investment horizon
 - Low turnover – 13% annually
 - Value bias
 - Global reach
- Where we invest:
 - First line pharmaceutical
 - Biotechnology
- Where we don't invest:
 - Consumables
 - Devices
 - Generics





Pharmaceuticals

Medical Fund Portfolio Comments

Large Cap Pharmaceuticals – 45%

- Financial strength and stability, typically with large cash positions
- Deeply undervalued since 2008
- Strong earnings visibility
- Forward Price Earnings of 10
- Typically high dividend payouts and stock buybacks
- Highest Margins
- High ROE
- R&D costs create high barriers to entry

Profile of ETF for Large Cap Pharma

IHE = ETF Symbol

Average Market Cap \$51 Billion

Average P/E 19.06

Price/Book 4.33

Case Study – Novartis

Snapshot: Highly diversified pipeline with a robust R&D portfolio. Leads industry in terms of product launches and revenue from recent product launches. Several late stage products to drive continued revenue growth

Revenue Growth 7%

Dividend 3%

Return on Equity 16%

P/E 11.5



Biotechnology

Medical Fund Portfolio Comments

Profitable Biotechnology– 33%

- Moderately higher risk vs. large cap Pharmaceuticals
- Attractive valuations relative to historical multiples
- Forward Price Earnings of 14
- Superior revenue growth rates
- Deep pipeline expertise in oncology and neurology

Profile of ETF for Profitable Biotechs

XBI = ETF Symbol

Average Market Cap \$7.6 Billion

Average P/E 28.45

Price/Book 7.55

Case Study – Biogen Idec

Snapshot: Develops drugs for oncology, neurology, immunology and cardiopulmonary. Has the largest late stage pipeline of the biotech's with 6 drugs in Phase III trials.

EPS Growth 26%

Blockbuster Drugs 2

3 Year Annualized
Revenue Growth 20%

Return on Equity 16%



Case Study – Biogen Idec

Biogen Idec Expected Upcoming Milestones

Program	Disorder	Type	Event	Expected Timing
Avonex	MS	Clinical Data	Phase II subcutaneous formulation	2H 2010
Pegylated Avonex	MS	Clinical Data	Phase III (ADVANCE) trial evaluating bi-weekly and 1x monthly subcutaneous dosing, primary endpoint is annualized relapse rate at 1 year	Mid 2011
Tysabri	MS	Clinical Data	Study evaluating mefloquine as a treatment for PML	4Q 2010
		Commercial	Introduce JC virus antibody assay	1H 2010
		Clinical Trial	Initiate Phase IV SURPASS switching study from Copaxone and Rebif	1H 2010
Rituxan	NHL	Regulatory	Filing in follicular NHL maintenance	1H 2010
	Vasculitis	Regulatory	Filing in vasculitis	2H 2010
Daclizumab	MS	Clinical Trial	Initiate Phase III DECIDE trial	2Q 2010
		Clinical Data	Phase II (SELECT) monotherapy trial in RRMS	2011
BG-12 (oral fumarate)	MS	Clinical Data	Phase III (DEFINE) placebo controlled trial, primary endpoint is annualized relapse rate at 2 years	1H 2011
		Clinical Data	Phase III (CONFIRM) active (copaxone) and placebo controlled trial, primary endpoint is annualized relapse rate at 2 years	1H 2011
	RA	Clinical Data	Phase II proof-of-concept trial in RA, primary endpoint is ACR20 at 12 weeks	2H 2010
Fampridine-SR	MS	Regulatory	EMA approval	1H 2011
Competitors	MS	Regulatory	Launch of Novartis' fingolimod (FTY-720) in MS	2011
		Regulatory	Launch of Merck KGaA's cladribine (refuse to file letter received November 2009)	2012
GA101 (3rd generation anti-CD20)	NHL	Clinical Trial	Initiate Phase III trial in refractory indolent NHL	1H 2010
Factor IX Fc	Hemophilia B	Clinical Data	Phase III trial	1H 2011
Lixivaptan	Hyponatremia	Clinical Data	Phase III trial for the treatment of hyponatremia in patients with CHF	2H 2010

Source: Company reports and Piper Jaffray



Small Cap Biotech

Small Cap Biotech – 22%

- High risk profile – yet to be profitable publicly traded venture capital
- A basket of the best positioned small cap technologies with large upside potential
- Several targeted holdings with robust R&D spending
- Typically these are/become attractive M&A candidates
- Positions bought at or near book value not greater than 1%

Case Study – Affymetrix

Snapshot: Provider of gene expression and genotyping technology. In the process of a well executed restructuring. Trading at a substantial discount to peer group. Could benefit in 2010 from increased NIH (National Institutes of Health) spending

EV/Sales

1.1



Kinetics Medical Fund – Key Takeaways

- Valuations in the fund are at historic lows in absolute terms and in relative terms to other sectors
- High Revenue & Earnings Visibility
- Healthcare Bill
 - Uncertainty has created opportunity – not all companies/subsectors are exposed the same way
 - Therapeutic Discovery Project Tax Credit provides financial relief to biotech companies in tight credit conditions
 - Extension of exclusivity period for biological therapies to 12 years (products are more expensive to manufacture than traditional medications)
 - Adds 13 million new users immediately (Individuals with preexisting conditions & those less than 26 years old)
 - Adding 32 million new users by 2014
- Resurgent level of merger and acquisition activity expected in 2010
 - Large cap pharmaceuticals will seek biotech therapies to bolster their pipelines
- **Paul Abel – Portfolio Manager** – Available for Conference Calls & Seminars



Definitions

Alpha - The volatility adjusted returns of a security or portfolio compared to an index. This is used to distinguish between market related performance and security (portfolio) related performance.

Beta - A quantitative measure of volatility that compares a security or portfolio to an index. This is used to compare the volatility of returns compared to a respective index.

Price/Book - The liquidation value (book value) of a company divided by the current market valuation (market capitalization). This estimates the value of the company in liquidation compared to current prices.

Price/Earnings Ratio (P/E) - The market value of a company (market capitalization) divided by earnings (net income). A higher multiple indicates a higher expectation of future earnings. This is only one of many metrics used to value assets and can vary greatly in practicality.

R Squared - A quantitative representation of how similar two or more securities or portfolios movements are. This is a commonly used calculation to gauge diversification.

Return on Equity (ROE) - The profitability of a company determined by dividing total equity by earnings (net income). This abstracts the annual return generated by the equity in the company.

Sharpe Ratio - A risk adjusted representation of performance using the standard deviation of a portfolio or security compared to an index.

Standard Deviation - A calculation measuring the consistency of returns for a security or portfolio. This is commonly used to determine the tracking error, or reliability of past performance.



Disclaimer

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

The opinions contained herein are not intended to be a forecast of future events, or a guarantee or future results, or investment advice. The views expressed herein may change at any time subsequent to the date of issue hereof.

Past performance does not guarantee future results. You will be charged a redemption fee equal to 2.00% of the net amount of the redemption if you redeem or exchange your No Load Class shares less than 30 days after you purchase them. As a non-diversified fund, the value of its shares may fluctuate more than shares invested in a broader range of companies. An investor's investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Non-investment grade securities, i.e., junk bonds, are subject to greater credit risk, price volatility and risk of loss than investment grade securities. Options contain special risks including the imperfect correlation between the value of the option and the value of the underlying asset. In addition, investing in foreign securities involves more risk than just U.S. investments, including the risk of currency fluctuations, political and economic instability and differences in financial reporting standards. There may also be heightened risks investing in non-investment grade debt securities and the use of options, as both consist of complex investment techniques that are further described in the Fund's Prospectus.



Disclaimer Continued

Because the Fund invests in a single industry, its shares do not represent a complete investment program. Biotech and Pharmaceutical stocks are subject to a rate of change in technology, obsolescence and competition which is generally higher than that of other industries, and have experienced extreme price and volume fluctuations. As a non-diversified and single industry fund, the value of its shares may fluctuate more than shares invested in a broader range of industries and companies.

There may also be risks associated with investing in *small and medium* sized companies. Small and medium-size companies often have narrower markets and more limited managerial and financial resources than do larger, more established companies. As a result, their performance can be more volatile and they face a greater risk of business failure, which could increase the volatility of the Tactical Paradigm Portfolio's assets. Unlike other investment companies that directly acquire and manage their own portfolios of securities, the Funds contained herein pursue their own investment objectives by investing all of their investable assets in a corresponding portfolio series of Kinetics Portfolio 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 the overall market performance. NASDAQ returns stated in this Presentation do NOT include reinvested dividends, while the S&P 500 returns assume that dividends are reinvested. An investor cannot invest directly in an index.



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