

The Kinetics Water Infrastructure Fund



4Q 2011

Kinetics Asset Management LLC

- Kinetics Asset Management LLC, employee-owned SEC-registered investment adviser, established in 1996.
- With its affiliated investment advisors, manages approximately \$7.0 billion in assets as of 12/31/2011.
- Oversees investments in 8 U.S. mutual funds, separate accounts and alternative products.
- Utilizes the proprietary research capabilities of affiliate, Horizon Asset Management LLC.

Portfolio Management Team

Murray Stahl
Director of Research
32 years of management experience
Co-Manager of Fund since 2010

David Kingsley
20 years of management experience
Co-Manager of Fund since 2010

Class Information

Class	Ticker	Cusip	12b-1 fee
Advisor A	KWIAX	494613714	0.25%
Advisor C	KWICX	494613698	0.75%
Institutional	KWIIX	494613680	-
No Load	KWINX	494613722	-

Fund Characteristics

Total Net Assets	\$13.4 million
Total Number of Holdings	51
Turnover Ratio	69%
Investment Style	Global multi-strategy
Minimum Purchase	\$2,500

Portfolio Allocation

Bonds	58.0%
Cash and Cash Equivalents	34.1%
Common Stocks	13.9%
Other Investments	0.0%
Put Options Written	-6.0%

Capitalization	Investment Style		
	Value	Core	Growth
Large			
Mid			
Small			

Water Infrastructure Fund Overview

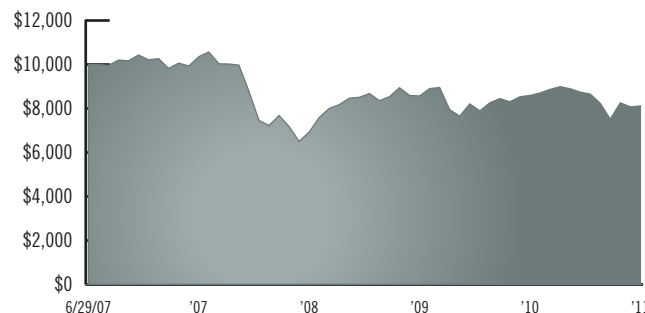
- ◆ Global water infrastructure fund seeking to invest in water related companies critical to the industry and global water supply chains.
- ◆ Water companies tend to have inherently sustainable business models with unique risks, which offer attractive investment opportunities that complement traditional investment allocations.
- ◆ Currently combines an option writing and bond strategy to enhance returns while seeking to mitigate volatility.

Historic Total Return (No-Load Class) as of 12/31/11

	2008	2009	2010	2011
Fund (KWINX)	-25.17%	16.46%	-4.60%	-4.88%
ISE Water Index (HHO)	-30.01%	18.93%	18.49%	-6.27%
Palisades Water Index (ZWI)	-30.90%	16.26%	12.80%	-10.94%
S&P 500 Index	-37.00%	26.46%	15.06%	2.11%

Growth of \$10,000 Returns Since Inception

\$8,116



Statistics as of 12/31/11

	Fund	S&P 500
Beta	0.81	1.00
Standard Deviation	17.53	19.69
Up Market Capture Ratio	0.74	-
Down Market Capture Ratio	0.86	-
Sharpe Ratio	-0.32	-0.14

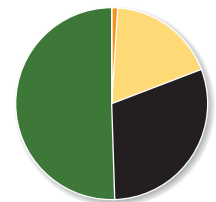
Equity Option Overview as of 12/31/11

Option Statistics

Notional % of Portfolio with Put Options	75
Average Life of Options (days)	91
Average Option % Moneyness	1.1% ITM
Average Option Delta	0.23

Option Portfolio Sectors (% Notional)

Industrials	50.0%
Diversified	30.0%
Utilities	18.0%
Materials	1.0%



Fixed Income Overview as of 12/31/11

Fixed Income Statistics

30 Day SEC Yield (%)	1.90%
30 Day SEC Yield w/o Waiver (%)	1.06%
Average Maturity (years)	2.0
Average Duration (years)	1.6

Top 10 Equity & Fixed Income Holdings (%)

Veolia Environnement SA	20.2%
Mueller Water Products, Inc.	15.4%
Chesapeake Energy Corp.	12.4%
Icahn Enterprises LP	9.6%
Tetra Tech, Inc.	3.1%
Cadiz Inc.	2.9%
Brookfield Renewable Energy	2.2%
Consolidated Water Co., Ltd.	1.8%
United Utilities Group PLC	1.4%
Energy Recovery Inc.	1.0%



Performance (No-Load Class)

	3 Month	YTD	Annualized Returns as of 12/31/11		
			1YR	3YR	Since Inception
The Water Infrastructure Fund (KWIX)	8.01%	-4.88%	-4.88%	1.86%	-4.52%
ISE Water Index (HHO)	11.26%	-6.27%	-6.27%	9.72%	-1.13%
Palisades Water Index (ZWI)	12.09%	-10.94%	-10.94%	5.31%	-3.65%
S&P 500 Index	11.82%	2.11%	2.11%	14.11%	-1.75%

The Water Infrastructure Fund No Load Class inception date is 6/29/07. Figures include changes in principal value, reinvested dividends and capital gains distributions. Performance data quoted represents past performance and does not guarantee future results. Investment return and principal value will vary, and shares may be worth more or less at redemption than at original purchase. Call 1-800-930-3828 or visit us at www.kineticsfunds.com for the most recent month-end performance data. Current performance may be lower or higher than the performance data quoted. Performance data does not reflect the deduction of sales load or fee. You will be charged a redemption fee equal to 2.00% of the net amount of the redemption if you redeem or exchange your shares 30 days or less after you purchase them.

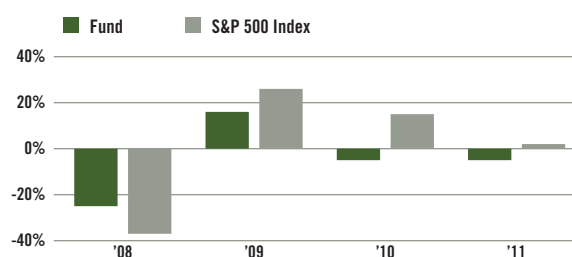
Expense Ratios by Share Class

	Advisor A	Advisor C	No Load	Inst.
Gross	2.70%	2.95%	2.20%	2.15%
Net	1.92%	2.42%	1.67%	1.47%

Gross expense ratios listed for No Load Class, Advisor Class A, Advisor Class C and Institutional Class are stated as of 12/31/10 and referenced in the 5/1/11 respective prospectuses.

Net expense ratios listed for No Load Class, Advisor Class A, Advisor Class C and Institutional Class are stated as of 12/31/10 and include a voluntary expense waiver from the Investment Adviser which may be terminated at any time.

Calendar Year Returns (No-Load Class)



Definitions:

Beta: A statistic that measures the volatility of the fund, as compared to that of the overall market. The market's beta is set at 1.00; a beta higher than 1.00 is considered to be more volatile than the market, while a beta lower than 1.00 is considered to be less volatile. The Beta has been calculated using data since the fund's inception.

Standard Deviation: A statistical measure of portfolio risk used to measure variability of total return around an average, over a specified period of time. The greater the standard deviation over the period, the wider the variability or range of returns and hence, the greater the fund's volatility. The standard deviation has been calculated since inception.

Up Market Capture Ratio: A statistical measure of an investment manager's overall performance in up-markets. The up-market capture ratio is used to evaluate how well an investment manager performed relative to an index during periods when that index has risen. The up-market capture ratio has been calculated since inception.

Down Market Capture Ratio: A statistical measure of an investment manager's overall performance in down-markets. The down-market capture ratio is used to evaluate how well or poorly an investment manager performed relative to an index during periods when that index has dropped. The down-market capture ratio has been calculated since inception.

Sharpe Ratio: A statistical measure that uses standard deviation and excess return to determine reward per unit of risk. A higher Sharpe ratio implies a better historical risk-adjusted performance. The Sharpe ratio has been calculated since inception using the 3-month treasury bill for the risk-free rate of return.

Turnover Ratio: A measure of how frequently assets within a fund are bought and sold by the managers represented over a one year period.

Allocation Box: The allocation box has been created by Kinetics. The horizontal axis of the box is divided into three investment style classifications: Value, Core (a blend of Value and Growth) and Growth. The vertical axis is divided into three categories based on individual company size: large, mid and small. Generally, the 400 largest companies in the U.S. are considered Large, the next 1000 largest are Mid and the remainder are Small. Classifications made by Kinetics are for representative purposes only and may change at any time without notice.

Delta: A statistical measure relating the changes in an option's price to price changes of the option's underlying security.

Average Put Option % Moneyness: % moneyness refers to a put option's strike price relative to the price of its underlying security in percentage terms. The average put option % moneyness is the average % moneyness for the option exposures weighted by each option's % of notional exposure. In-the-money (ITM) refers to a put option with a strike price that is above the underlying security's price. At-the-money (ATM) refers to a put option with a strike price that is equal to the underlying security's price. Out-the-money (OTM) refers to a put option with a strike price that is below the underlying security's price. For example, a put option that is 5% OTM has a strike price that is 5% below the underlying security's price and a put option that is 5% ITM has a strike price that is 5% higher than the underlying security's price.

The Growth of \$10,000 chart illustrates the performance of a hypothetical \$10,000 investment made in No Load Class shares on commencement of operations (6/29/07). It assumes reinvestment of capital gains and dividends. This chart is not intended to imply any future performance.

As of 12/31/11, holdings are expressed as a percentage of total net investments and may vary over time. Equity holdings are subject to change, and may not be indicative of actual market position due to the use of call and put options.

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

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

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

S&P 500 Index statistics data is based on the iShares S&P 500 Index Fund.

The ISE Water Index (HHO) includes companies engaged in water distribution, water filtration, flow technology, and other water solutions. The Palisades Water Index (ZWI) is a modified equal-dollar weighted index comprised of U.S. exchange-traded companies engaged in the global water industry. The S&P 500 Index returns assume that dividends are reinvested. An investor cannot invest directly in an index.

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

