



FUND AWARDS 2010
UNITED STATES

Winner of the Lipper Fund Award two consecutive years, 2009 and 2010 Best Global Health/Biotechnology Fund for three-year, risk adjusted performance among 37 and 49 global health/biotechnology funds for the periods ended 12/31/08 and 12/31/09, respectively. 2010 Best Global Health/Biotechnology Fund for five-year, risk adjusted performance among 49 global health/biotechnology funds for the period ended 12/31/09.

- Advisor Class A (KRXX)
- Advisor Class C (KRXC)
- No Load Class (MEDRX)

➤ Portfolio Management Team
Team Managed
Paul Abel,
Portfolio Manager

➤ Advisor Class A

Inception Date 04/26/01
CUSIP # 494613847
Max Sales Charge 5.75%
Front-end 12b-1 Fee 0.25%
♦Gross Expense Ratio **2.40%**
*Net Expense Ratio **1.64%**

➤ Advisor Class C

Inception Date 02/16/07
CUSIP # 494613755
12b-1 Fee 0.75%
♦Gross Expense Ratio **2.90%**
*Net Expense Ratio **2.14%**

➤ No Load Class

CUSIP # 494613102
♦Gross Expense Ratio **2.15%**
*Net Expense Ratio **1.39%**

♦Gross expense ratios for Advisor Class A, Advisor Class C and the No Load share classes are reported as of 12/31/09 and referenced in the 12/31/09 respective Annual Report.

*Net expense ratios listed for No Load Class, Advisor Class A and Advisor Class C are stated as of 6/30/10 and may include a voluntary expense waiver from the Investment Adviser which may be terminated at any time, the application of directed brokerage credits, and/or the application of other waivers.

➤ Fund Facts

- Total Net Assets \$29.2 million
- Minimum Purchase \$2,500

➤ Portfolio Statistics

- Weighted Average Market Cap. (\$mil): \$40,728
- Holdings In Portfolios: 63

www.kineticsfunds.com

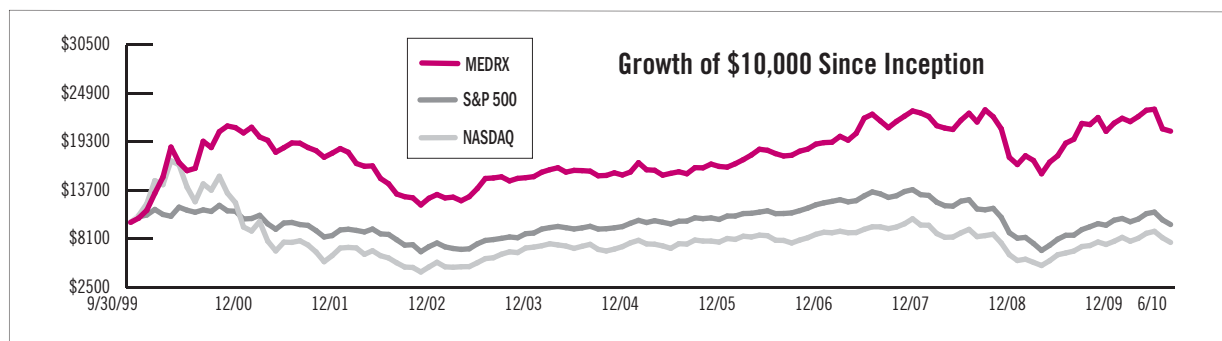


The Medical Fund

as of 6/30/10

Portfolio Strategy

We invest in a diverse array of companies, such as medical research and pharmaceutical development. The portfolio invests with a three tier strategy: one-third is invested in large-cap pharmaceutical companies, one-third in profitable biotech companies and one-third in small-cap biotech companies. What they all have in common is a significant investment in research and development for cancer-related therapies and cures. Research themes that we currently find most promising are genome research, anti-angiogenesis and immunotherapy. We believe that dollars invested in these areas today will have a substantial effect on each company's future growth.



This chart illustrates the performance of a hypothetical \$10,000 investment made in No Load Class shares on commencement of operations (9/30/99). It assumes reinvestment of capital gains and dividends. This chart is not intended to imply any future performance.

Sector Allocation^{†††}



Historic Total Return (No Load Class)

Data as of June 30, 2010

	Total Returns	S&P 500 Index	NASDAQ Index
2010 YTD	-6.76%	-6.65%	-7.05%
2009	24.47%	26.46%	43.89%
2008	-20.42%	-37.00%	-40.54%
2007	15.47%	5.49%	9.81%
2006	14.81%	15.79%	9.52%
2005	-0.72%	4.91%	1.37%
2004	6.96%	10.88%	8.59%
2003	23.19%	28.68%	50.01%
2002	-29.14%	-22.10%	-31.53%
2001	-13.77%	-11.89%	-21.05%
2000	57.04%	-9.10%	-39.29%

Top 10 Equity Holdings[†]

	Symbol	% of Total Net Assets
Johnson & Johnson	JNJ	6.1%
Biogen Idec, Inc.	BIIB	6.1%
Life Technologies Corporation	LIFE	5.8%
Novartis AG - ADR	NVS	5.8%
Genzyme Corporation	GENZ	5.0%
Abbott Laboratories	ABT	4.5%
GlaxoSmithKline PLC - ADR	GSK	4.4%
Eli Lilly & Company	LLY	4.1%
Bristol-Myers Squibb Company	BMJ	4.1%
Cephalon, Inc.	CEPH	4.1%

Equity holdings are subject to change, and may not be indicative of actual market position due to the use of call and put options.

[†]As of 6/30/10, holdings are expressed as a percentage of total net investments and may vary over time.

Quarterly Total Return (No Load Class)

Data as of June 30, 2010

	Total Returns	S&P 500 Index	NASDAQ Index ^{††}
Three Month ^{**}	-10.53%	-11.43%	-12.04%
One Year [*]	4.77%	14.43%	14.94%
Three Year [*]	-1.85%	-9.81%	-6.77%
Three Year ^{**}	-5.44%	-26.64%	-18.98%
Five Year [*]	5.63%	-0.79%	0.50%
Five Year ^{**}	31.53%	-3.91%	2.54%
Ten Year [*]	0.59%	-1.59%	-6.12%
Ten Year ^{**}	6.05%	-14.79%	-46.82%
Since Inception ^{*^}	6.92%	-0.24%	-2.42%
Since Inception ^{**^}	105.32%	-2.52%	-23.19%

*Annualized ** Non-Annualized/Cumulative

[^]The Medical Fund No Load Class inception date is 9/30/99. 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 at original purchase. Call 1-800-930-3828 or visit us at www.kineticsfunds.com for the most current fund month end performance data. Current performance may be lower or higher than the performance data quoted. Performance data does not reflect the deduction of sales load or fee.

^{††}One year, 3 year, 5 year, 10 year, since inception, and historical total returns (where applicable) are with dividends reinvested.

^{†††}The Sectors displayed represent a percentage of the net assets and excludes cash equivalents and other assets in excess of liabilities.

as of 6/30/10

Market Commentary

The Kinetics Medical Fund (“Fund”) (No-Load Class) declined by 10.53% for the second quarter of 2010, compared with declines of 11.43% for the S&P 500 Index and 12.04% for the Nasdaq Composite. In a market without conviction, good equities are treated with as much contempt as bad ones. While this fact may be disconcerting in the short-term, it provides great long term opportunity.

Current market psyche appears to be governed by reactionary tendencies rather than rational investor mentality. Thus, swings in valuation occur on the mere notion of some news. However, such changes in pricing completely ignore corporate fundamentals, creating once again, systemic arbitrages. Solid companies with robust balance sheets and good earnings prospects are sold to avoid exposure to the public equity market.

Consider, for example, Biogen-Idec (NASD: BIIB). Biogen-Idec is currently trading at two times book value and eleven times forward earnings. Biogen-Idec has been experiencing 10% revenue growth year over year, and 16% return on equity. We believe this is a deeply discounted company. In the large pharmaceutical sector, consider further Novartis (NYSE: NVS). Novartis also has a 16% return on equity, a forward price to earnings ratio of 11, and real revenue growth spread across several franchises. Historically, revenue growth of this magnitude has been rewarded by much higher price to earnings ratios, and coupled with the internal rates of return, one would expect it to trade at 20 or more price to earnings ratio. Thus, these companies are essentially trading at a discount to intrinsic value.

These are two examples of the discounting that have occurred for essentially no basis in fact. The cycle of pharmaceutical development is much longer than one or more quarters in a calendar year. Furthermore, many of these companies are well capitalized and largely have no correlation to global macroeconomic issues.

We appreciate your confidence and believe you will be rewarded for it.

The Kinetics Investment Team

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.

These opinions are not intended to be a forecast of future events, or a guarantee of 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 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 investing in U.S. investments, including the risk of currency fluctuations, political and economic instability and differences in financial reporting standards. There may also be heightened risks investing in non-investment grade debt securities and the use of options. There are also risks associated with investing in small and medium sized companies. Non-investment grade debt securities, i.e., junk bonds, are subject to greater credit risk, price volatility and risk of loss than investment grade securities. Options contain special risks including the imperfect correlation between the value of the option and the value of the underlying asset. Unlike other investment companies that directly acquire and manage their own portfolios of securities, the Fund pursues its investment objective by investing all of its investable assets in a corresponding portfolio series of Kinetics Portfolios Trust. The NASDAQ Composite (NASDAQ) and the Standard & Poor's 500 Index (S&P 500) each represent an unmanaged, broad-based basket of stocks. They are typically used as a proxy for overall market performance. NASDAQ Composite returns stated above do NOT include reinvested dividends, while the S&P 500 Index returns assume that dividends are reinvested. An investor cannot invest directly in an index.

**Investment
Products Offered:**

- Are Not FDIC Insured
- May Lose Value
- Are Not Bank Guaranteed