

**KINETICS MUTUAL FUNDS, INC.**

**The Water Infrastructure Fund**

**Institutional Class**

**Supplement dated September 30, 2010,  
to the Prospectus dated April 30, 2010, as supplemented July 16, 2010**

*Effective immediately, the second paragraph of the section titled "Principal Investment Strategies" on page 37 of the Prospectus is deleted and replaced with the following:*

Under normal circumstances, the Water Infrastructure Portfolio will invest no more than 100% of its net assets in fixed income securities. There are no limitations as to the maturities or credit ratings of the fixed income securities in which the Water Infrastructure Portfolio may invest; provided, however, that the Water Infrastructure Portfolio will invest no more than 80% of its total assets in convertible and non-convertible debt securities rated below investment grade, also known as junk bonds, or unrated securities which the Investment Adviser has determined to be of comparable quality.

**PLEASE RETAIN THIS SUPPLEMENT WITH THE PROSPECTUS FOR FUTURE REFERENCE**