Intrepid Capital Funds
the constant pursuit of value

INTREPID INTERNATIONAL FUND

1st QUARTER 2015 COMMENTARY

1Q2015

MARCH 31, 2015

PERFORMANCE

	Inception Date	Total Return Qtr.	Total Return YTD	Total Returns as of March 31, 2015 1 Year	3 Year	5 Year	Since Inception
Intrepid International Fund - Inv.	12/30/14	-2.50%	-2.50%	-	-	-	-2.40%
MSCI EAFE Index		4.88%	4.88%	-	-	-	4.69%

Performance data quoted represents past performance and does not guarantee future results. *Investment returns and principal value will fluctuate, and when sold, may be worth more or less than their original cost. Performance current to the most recent month-end may be lower or higher than the performance quoted and can be obtained by calling 866-996-FUND. The Fund imposes a 2% redemption fee on shares held for 30 days or less. Performance data does not reflect the redemption fee. If it had, returns would be reduced.*

Per the prospectus, the Fund's annual operating expenses (gross) for the Investor Share Class is 26.05%. The Fund's Advisor has contractually agreed to waive a portion of its fees and/or reimburse expenses such that the total operating expense (net) is 1.40% through 1/31/16, respectively. Otherwise, performance shown would have been lower.

April 1, 2015

Dear Fellow Shareholders,

Welcome to the first quarterly commentary for the Intrepid International Fund (the "Fund"). For those who are not familiar with the Fund, let me briefly explain our philosophy when investing internationally. To put it plainly, it's very similar to our domestic process. We are typically looking for a high quality business trading at a discount to intrinsic value, and we will also search for other potentially mispriced securities. In our opinion, in today's environment across the globe, most high quality businesses are not trading at bargain prices. We have, however, been able to find some smaller investment ideas that we believe others have overlooked.

During the first quarter of 2015, international securities continued to rise and the MSCI EAFE Index increased 4.88%. As reported on the front page of the Wall Street Journal, at least 17 stock indexes hit record highs in the first quarter. We believe securities are increasing in price due to easy-money policies across the globe. Interest rates are close to zero (and in some cases below zero!), enticing investors to look outside of fixed income securities if they want any *potential* return. To some, stocks may look like the next logical place to go for big returns; however, prices of equities have been bid to, as mentioned above, record highs, making positive future performance challenging.

Our performance for the quarter was -2.5%. During the first month and a half of the year, we were left unhedged due to unforeseen delays by third party partners in processing paperwork to establish a hedging account. As described in our prospectus, we will typically be hedged. The dollar soared during this unhedged period as the European Central Bank (ECB) cranked up the printing presses to purchase government bonds, causing the euro to be especially weak. The currency exposure of our foreign securities alone dinged performance for the first month and a half by over 2%. By the middle of February we were able to trade futures, and did so right away. This turned out to be beneficial, as the dollar continued to strengthen. The euro has declined by 13% year-to-date and now sits only $0.07 away from parity with the U.S. Dollar. We are invested in countries with currencies other than the euro, all of which declined in the quarter with the belief that the U.S. Federal Reserve will likely raise interest rates.

The largest three detractors to performance for the quarter were Corus Entertainment (ticker: CJR/B CN), Programmed Maintenance Services (ticker: PRG AU), and Dundee Corp (ticker: DC/A CN). Corus Entertainment suffered from an announcement by the Canadian Radio-television and Telecommunications Commission (CRTC) that requires television broadcasters to offer a "skinny basic" cable package for $25, and this will not include Corus's children's channels. The decision is part of a shift toward pick-and-pay, whereby consumers have the option to order their television channels one-by-one, instead of in a group. The announcement was not a surprise to us; however, the stock reacted negatively to the news. You can find a more detailed explanation in the commentary for the Intrepid Small Cap Fund.

Top Ten Holdings	(% of net assets)
Royal Mail PLC	4.2%
Programmed Maintenance Services Ltd.	4.1%
Dundee Corp. - Class A	3.9%
Coventry Group, Ltd.	3.2%
Corus Entertainment, Inc. - Class B	3.2%
Hornbach Baumarkt AG	3.0%
Vision Eye Institute Ltd.	2.8%
Balda AG	2.6%
GUD Holdings Ltd.	2.3%
Pitney Bowes Intl Pfd Stock	2.2%

Top ten holdings are as of March 31, 2015. Fund holdings and sector allocations are subject to change and are not recommendations to buy or sell any security.

Programmed Maintenance Services is an Australian firm that provides maintenance services, as well as supplies the Australian market with labor. The stock has been volatile around a potential merger with a competitor, Skilled Group (SKE AU). Programmed Maintenance Services' merger proposal was shut down by Skilled Group. Now the market is trying to guess if a new proposal will be attempted and according to the stock price movements, the market appears to believe a merger would be beneficial. However, we believe that even if a new merger is not proposed, Programmed Maintenance Services is still worth significantly more than where it is currently trading. Currency played a large part in the negative contribution of the security as the total return for the stock in local currency was -3.3%, compared to -9.8% in USD.

Dundee is a Canadian holding company with investments in a diverse set of businesses, including the currently weak energy sector. While energy is only a minority of the consolidated business, the company has been, in our opinion, unduly punished for these holdings. The company also has exposure to a public Canadian REIT, DREAM Unlimited (ticker: DRM CN), which has seen its stock price decline in recent months. These negative aspects have reduced our appraised value for the holding company; however, the stock is still trading at a significant discount to book value, even adjusting for DREAM's market price and assuming the energy holdings are worthless.

The top equity contributors to the fund performance for the quarter were Quarto Group (ticker: QRT LN) and GUD Holdings (ticker: GUD AU). Quarto Group is a small illustrated book publisher. They released mid-year results back in August 2014 that were poor and the stock suffered. These results were not disappointing to us as the business is very seasonal, with the back half of the fiscal year much more important due to more business being conducted then. Seasonality has been increasing lately, causing first half results to continue to trend poorly while the latter half makes up the shortfall. Additionally, one of the company's wholesalers filed for bankruptcy, disrupting business in the short-run. However, management began a direct relationship with their customers and cut out the middle man, which we see as a long-term positive development for the company despite the short-term pain. At the end of March, the company reported earnings which showed an improvement and the stock reacted positively.

GUD Holdings is an Australian firm that manages a variety of businesses but has historically been known for marketing and selling consumer brands such as Sunbeam and Oates products. The company's consumer businesses have suffered in recent times; however, we believe the diamond in this rough is their auto oil and air filter business where they are a significant market leader . The company reported solid results in almost all of their business segments in January.

Securities that contributed/detracted from fund performance can be a complex matter when there are large swings in currencies like we have seen year-to-date. Securities that show a large loss in U.S. Dollars may have even been winners when hedging is factored in. In fact, while the total performance of the Fund was negative, the majority of the holdings were up in their local currency during the period.

The Intrepid International Fund will never look like the Index because we will look anywhere for ideas as the Fund is not limited to the large companies typically found in the Index. However, there are plenty of other places to find potential ideas. While we are disappointed with a negative number out of the gates, we must remember that one quarter is a poor measure of long-term performance. Additionally, we believe the primary contributor to the poor performance, currency swings, cannot be predicted consistently. Going forward, we will attempt to hedge much of the currency exposure.

To further highlight our value approach, I wanted to share a brief conversation I had during the quarter with Jean-Marie Eveillard, former portfolio manager of First Eagle Global. Jean-Marie asked me if my philosophy was closer to Warren Buffett's or Ben Graham's. Warren Buffett has, at least in his later years, been known for buying high-quality businesses, whereas Ben Graham (and Buffett in his early years) was focused primarily on buying cheap securities despite business quality. I believe the efficacy of Ben Graham's philosophy has been downplayed by many in recent years due to Buffett's shift away from it. However, just this year in Buffett's shareholder letter, when discussing his investment philosophy in his early years when it was similar to Ben Graham's, he stated, "My cigar-butt strategy worked very well while I was managing small sums. Indeed, the many dozens of free puffs I obtained in the 1950s made that decade by far the **best of my life for both relative and absolute performance**." We don't think either approach should be ignored. Ideally, we'd like to buy cheap high-quality businesses, but these are close to nonexistent in times when many indexes are hitting record highs. We have found a few, but it is increasingly difficult. Internationally, however, we have found a few securities that are cheap enough to warrant purchase. Buying at a significant discount to the net assets on the balance sheet provides us with what we believe is an adequate margin of safety . In fact, we've even been able to find at least one idea that is a 'net-net' . This is virtually unheard of in the United States, as well as in larger companies in developed markets. However, when scouring small businesses in developed markets for value, these do come along occasionally. So is my philosophy closer to Warren Buffett or Ben Graham? My answer is: it depends on our estimated margin of safety . There are times when I would take a significantly undervalued security over a higher quality business trading at only a minor discount. I believe that keeping an open mind and not discriminating can produce better investment results.

Lastly, we believe that the small size of the Intrepid International Fund provides us with a competitive advantage. We can search for small companies that other larger investors would completely overlook due solely to the small size of the securities. This means less competition for us, and potentially more investable ideas as there are many more of these small businesses to rummage through in an effort to find strong investment results. Some may claim that, with thousands of international securities, there must be plenty of easy investment ideas out there. We believe there are some, but a rising tide lifts all ships and most of the few that are below water deserve to be there. We will continue to investigate each of these for the few that have some buoyancy. Thank you for your trust in Intrepid and our process; it's a responsibility we don't take lightly.

Thank you for your investment,

Ben O Franklin IV

Ben Franklin, CFA
Intrepid International Fund Portfolio Manager

Mutual fund investing involves risk. Principal loss is possible. The Fund is subject to special risks including volatility due to investments in smaller companies, which involve additional risks such as limited liquidity and greater volatility. The Fund is considered non-diversified as a result of limiting its holdings to a relatively small number of positions and may be more exposed to individual stock volatility than a diversified fund. The Fund may invest in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods.

Short term performance, in particular, is not a good indication of the fund's future performance, and an investment should not be made based solely on returns.

The MSCI EAFE Index is recognized as the pre-eminent benchmark in the United States to measure international equity performance. You cannot invest directly in an index.

Free Cash Flow measures the cash generating capability of a company by subtracting capital expenditures from cash flow from operations. EBITDA is calculated as the company's Earnings, Before Interest, Taxes, Depreciation and Amortization. Net-Net is a value investing technique in which a company is valued solely on its net current assets. Book Value equals total assets minus intangible asset and liabilities. It refers to the total amount a company would be worth if it liquidated its assets and paid back all its liabilities. Margin of Safety is the difference between the estimated intrinsic value of a stock and its market price.

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