

PERFORMANCE	Inception Date	Total Return					Total Returns as of June 30, 2015	
		Qtr.	YTD	1 Year	3 Year	5 Year	Since Inception	
Intrepid International Fund - Inv.	12/30/14	0.51%	-2.00%	-	-	-	-1.90%	
MSCI EAFE Index		0.62%	5.52%	-	-	-	5.34%	

**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.

July 1, 2015

Dear Fellow Shareholders,

The news of Greece potentially exiting the euro zone ("Grexit") dominated the news during the quarter. Despite the reported fear, the MSCI EAFE Index ended the second quarter ending June 30, 2015, in the black. The last few weeks of the quarter did see a decline, but the advance prior to this was strong enough to keep it positive. A potential failing country with a risk of mass contagion is no match for this easy money binge!

Greece has been playing hardball in negotiations with their bailout creditors, effectively stating that they would like to be part of the euro zone without playing by the euro zone's rules. While the drama has been unfolding over the course of the year, it culminated on June 28, 2015, when the Greek government enacted capital controls and ceased equity trading. The seemingly endless stories sure makes for good theatre. The final outcome is unknown and speculating on such is farther away from Intrepid Capital's core competency than Charles Barkley's golf skills are from his basketball talent. There is the possibility of contagion as well, with radical parties in other weak European countries (e.g. Spain, Italy, etc.) gaining momentum. Some reporters portend contagion is inevitable; we see it as a potential but far from certain outcome. Nevertheless, we shy away from political risks such as these.

The MSCI EAFE Index reported a return of 0.62% during the quarter, outstripping the Intrepid International Fund's (the "Fund") return of 0.51%. As mentioned, Greece weighed on Europe's share prices during the quarter, but the strength of the European market prior to the last few weeks has been incredibly strong. In fact, through June 30th European stocks as measured by Stoxx Europe 600 were still up nearly 14% year-to-date!<sup>1</sup> We attribute much of this to the same reason stocks have reached unprecedented levels domestically: central banks determined to keep rates low, resulting in asset inflation. Rather than committing capital based on keeping the easy money spigots open, we are focused on the fundamentals of underlying businesses; that is, the cash flows a business throws off and what we are willing to pay for these flows.

The Fund's three largest contributors during the quarter were Royal Mail (ticker: RMG LN), Programmed Maintenance Services (ticker: PRG AU), and Imvescor Restaurant Group (ticker: IRG CN). The three largest detractors were Coventry Group (ticker: CYG AU), Balda AG (BAF GR), and Corus Entertainment (ticker: CJR/B CN). We believe the fall in prices of all three of the largest detractors were not warranted based on the underlying fundamentals.

Royal Mail is the UK's designated Universal Postal Service Provider. The company was previously owned by Her Majesty's government but was taken public in October 2013. During the quarter the company announced that a potential and growing competitor to their last-mile delivery would exit the market. This was a large potential threat

<sup>1</sup>SXXP Index total return (Bloomberg: SXXP Index) was 13.91% through 6/30/2015

as management estimated the competition would cause Royal Mail to lose over £200 million (\$310 million) in revenue by 2018. The positive news caused the shares to rally and we trimmed the position; however, we believe shares are still trading at a discount.

Programmed Maintenance Services benefitted from strong earnings, a solid outlook, and the announcement of a merger with competitor Skilled Group (ticker: SKE AU). We do not believe the merger is in the best interest of shareholders; however, after announcing the plan the stock moved up for several days. Since the end of the quarter, and as the market has presumably digested the news, the equity price has given up the gains.

Investor Group is a Canadian restaurant franchiser that has been struggling to turnaround negative same-store sales over the past few years. The company has a new CEO with a clever turnaround plan. The market likes the plan, as is apparent with the stock appreciating 24% during the quarter.<sup>2</sup> Due to the stock price increasing prior to the business fundamentals, we took this opportunity to significantly reduce the position.

Coventry Group is another company going through a turnaround, and it had a tough quarter as the company announced that both its Secretary and CFO are stepping down. Investing in turnaround situations is not something we relish; however, if a company is trading at a cheap enough valuation it is something we may consider. In this case, the company is trading at a price-to-tangible book value of less than 0.6x. The assets on the books are high quality, with over one-third of the market cap in cash. Admittedly, the company will likely burn some cash this fiscal year as they restructure their business; however, these cash outflows are for tangible cost cutting initiatives that we believe will benefit future earnings and cash flow.

Balda Group is another firm that trades at a discount to the net assets on the books. In this case, net cash and equivalents make up almost €200 million (\$220 million) compared to a market cap of €120 million (\$130 million). The cash was accumulated from an investment the company previously disposed of. The cash requirements of the existing business are low. In fact, the operating business is small relative to the cash pile as total revenue is a paltry €80 million (\$88 million). During the quarter the company announced a loss of a customer making up about 10% of revenue, and the equity fell about 6%, indicating a loss of €9 million (\$10 million) in value. This appears to be a significant overreaction in our opinion, and we took the opportunity to add to our position.

Corus was discussed last quarter, and is discussed in more detail in the Intrepid Endurance Fund Commentary. The company's TV channels have had strong ratings, yet advertising revenues are suffering. We believe the company continues to trade at a discount due to their ownership structure whereby the Shaw family has control despite a low economic interest. We believe the company makes for an attractive takeover candidate by a vertically-integrated cable company.

During the quarter we made multiple purchases, and one sale. We bought small positions in Baldwin & Lyons (ticker: BWINB), Fenner (ticker: FENR LN), HNZ Group (ticker: HNZ/A CN), and Pacific Brands (ticker: PBG AU), while we bought a larger weight in Noranda Income Fund (ticker: NIF-U CN). The one sale was in Fantastic Furniture (ticker: FAN AU), which we exited as it surpassed our intrinsic value estimate.

Noranda Income Fund is a Canadian zinc smelter with an uncertain future. The company currently has an agreement with Glencore (ticker: GLEN LN) whereby zinc concentrate is supplied to Noranda until 2017. Cautionary language about the future of the contract caused the stock to fall to what we believe is below net asset value when factoring in the cash flows until contract maturation. Additionally, we believe Noranda will continue to operate, albeit at lower market rates. Even at these lower rates the shares are trading at a discount to our estimated intrinsic value.

<sup>2</sup>In local currency (CAD).

Top Ten Holdings (% of net assets)

Dundee Corp. - Class A	4.4%
Royal Mail PLC	4.0%
Balda AG	3.9%
Corus Entertainment, Inc. - Class B	3.9%
GUD Holdings Ltd.	3.9%
Coventry Group Ltd.	3.8%
Programmed Maintenance Services Ltd.	3.8%
Noranda Income Fund	3.8%
Vetoquinol SA	3.1%
Hornbach Baumarkt AG	3.0%

Top ten holdings are as of June 30, 2015. Fund holdings and sector allocations are subject to change and are not recommendations to buy or sell any security.

We continue to search international markets for undervalued securities and recently have found ideas in unusual areas. These have included very small companies that many large institutional investors would likely shun, companies trading at a deep discount to the net assets on their books, and even an obscure Canadian income trust in Noranda. We will continue to search for high quality businesses, but in the current environment this is a difficult feat. This hunt, when fruitful, is one of the most enjoyable parts of the job. *The* most enjoyable part is watching these ideas result in large profits, which we continue to strive for.

Thank you for your investment,



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. The STOXX Europe 600 represents large, mid and small capitalization companies across 18 countries of the European region. You cannot invest directly in an index.

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. Price-to-Tangible Book Value is a financial ratio used to compare a company's current market price to its book value.

Opinions expressed are subject to change, are not guaranteed and should not be considered investment advice or recommendations to buy or sell any security.

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