PERFORMANCE

		Total Return			Average Annualized Total Returns as of June 30, 2016		
	Inception Date	Qtr.	YTD	1 Year	3 Year	5 Year	Since Inception
Intrepid International Fund - Inv.	12/30/14	4.98%	8.84%	6.63%	-	-	3.05%
MSCI EAFE Index		-1.46%	-4.42%	-10.16%	-	-	-3.62%

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 2.84%. 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 1/31/17. Otherwise, performance shown would have been lower.

July 1, 2016

"London Bridge is falling down,
Falling down, falling down.
London Bridge is falling down,
My fair lady."

– English Nursery Rhyme

Dear Fellow Shareholders,

Prior to the Brexit vote on whether the United Kingdom should abandon the European Union, the media, politicians, and economists all preached of pending doom if the UK left the EU. The *Financial Times* reported that the UK Treasury's main scenario is that GDP will be 3.6% lower after two years than if the UK voted to stay, and under a worse scenario they forecast GDP would be 6% lower.[1] The International Monetary Fund (IMF) stated that a leave vote would, at a minimum, lead to 1.4% lower GDP by 2021, and result in a "negative and substantial" hit to the economy, as well as lead to "permanently lower incomes." Finland's finance minister Alexander Stubb had even harsher words: "It's absolutely clear that there would be economic mayhem if the UK were to vote out."[2] Based on the $3 trillion in market value wiped out in the two days of trading following the UK vote to leave the EU, many market participants appeared to initially agree on the level of devastation. **We, however, disagree with the forecasts.** It is not that we disagree with the results of the forecasts, we simply disagree with forecasting in general. Instead, we agree with Harvard economist John Kenneth Galbraith when he said: "There are two kinds of forecasters: those who don't know, and those who don't know they don't know." Rolf Dobelli, in *The Art of Thinking Clearly,* helps differentiate what we know we don't know by separating risk from uncertainty: "Risk means that probabilities are known. Uncertainty means that probabilities are unknown… The economy resides in the realm of uncertainty." Understanding the difference between these two options (risk and uncertainty) may be clear; however, learning how to deal with ambiguity is something humans are not well programmed to accept. Human psychology drives our desire to predict outcomes, which often leads to trusting those that we deem knowledgeable. Well, we're sorry to inform you that we will not claim to know the full impact of Brexit, although we strongly doubt the London Bridge is falling down.

[1] Wolf, Martin. "Brexit imperils the confidence of strangers." *ft.com*. 14 June 2016.

[2] Cadman, Emily and FT reporters. "IMF says Brexit will permanently lower UK incomes." *ft.com.* 18 June 2016.

Top Ten Holdings	(% OF NET ASSETS)
Clere AG	12.9%
Hornbach Baumarkt AG	4.2%
GUD Holdings Ltd.	4.1%
Corus Entertainment, Inc. - Class B	4.0%
GEA	3.9%
Stallergenes Greer PLC	3.8%
Vetoquinol SA	3.8%
Royal Mail PLC	3.7%
KSB AG	3.4%
Coventry Group Ltd.	3.4%

Top ten holdings are as of June 30, 2016. Fund holdings are subject to change and are not recommendations to buy or sell any security.

With our forecast of the impact of Brexit out of the way, we will state that we do not believe isolationism is the path to prosperity. However, anti-free trade policies and rhetoric coming from the mouths of politicians both foreign and domestic continue to gain steam. David Ricardo's work on comparative advantages almost 200 years ago was brilliant, and this idea has been bearing fruit with growth across the globe over the past 60 years as free trade has taken hold. Today, we are seeing some of the challenges of global free trade and while it's easy to throw stones at the costs of globalization, it's at least equally important to recognize the benefits.

For the quarter, the Intrepid International Fund (the "Fund") returned 4.98%, and the MSCI EAFE Index (the "Index") returned -1.46%. Year-to-date, the Fund is up 8.84% compared to a 4.42% loss for the Index. Fears of Brexit caused turbulence prior to the June 24th vote, although most polls, bets, and talking heads felt there was a low probability of the UK's eventual vote to leave the EU. The Index declined nearly 10% the following two days (-9.84%), while the Fund fell by about one-third of the Index's decline (-3.53%). In full disclosure, a minority of this two-day outperformance was due to currency, as the Fund was almost fully hedged while foreign currencies depreciated. We were pleased that our securities held up in this volatile period, but it also gave us little to add to. Additionally, many of the securities on our watch list also held up relatively well. We were, however, able to make a few small purchases.

Performance for the quarter was driven by our top three contributors: GUD Holdings (ticker: GUD AU), EZCORP convertible notes (CUSIP 302301AB2), and HNZ Group (ticker: HNZ CN). Pacific Brands (PBG AU) receives an honorable mention for getting bought out by underwear giant Hanesbrands (ticker: HBI). The top three detractors during the quarter were Stallergenes Greer (ticker: STAGR FP), Hornbach Baumarkt (ticker: HBM GR), and Clere AG (ticker: CAG GR).

GUD Holdings is an Australian holding company and was listed as a top detractor last quarter. Quoting the first quarter's commentary helps understand the outperformance this period: "GUD Holdings reported weak results and reduced guidance in late January, causing the stock to fall. The weakness was in segments we consider non-core, while their strong Automotive segment performed well. We took the opportunity to add to the position." The segment we considered non-core was sold during the period, resulting in a more streamlined business that we consider to be higher quality. The market seemed to agree with a double-digit return during the period.

EZCORP is a domestic pawn shop owner and operator. While EZCORP does have exposure to Mexico, it is accurately considered one of our two domestic holdings. This is a firm-wide high conviction idea that was sourced by our domestic analytical team. This holding highlights two important distinctions for the Fund: (1) we will purchase a domestic security if it appears especially attractive, and (2) while we are searching for equity-like returns, we do not limit ourselves to equity securities. By the end of the first quarter, the EZCORP notes were yielding 18%, definitely above our threshold for "equity like returns." We believe the value of the bonds is easily covered by the company's high-quality pawn shops.

HNZ is a helicopter operator with operations primarily in Canada and New Zealand. Like much of the industry, HNZ had exposure to the oil/gas and mining sectors which weighed on the stock as these customers cut back on capital projects requiring helicopter transit. We were drawn to the business due to the company's excellent balance sheet, experienced leadership team, and an onshore division which continues to generate earnings even when offshore oil/gas projects are cut. We were originally cautious with our weight in the portfolio due to the exposure to cyclical end industries, but we increased our position as the stock price fell well below the net asset value of the business and was trading at a low multiple of our estimate of normalized earnings. The company's next quarterly earnings report exceeded expectations due to significant cost reductions, which helped the stock price rebound.

Pacific Brands has been discussed in historical commentaries. The Australian business focuses primarily on making underwear, which is the type of business we like to own: simple, boring, and easy to understand. We had historical experience with underwear businesses from researching Hanesbrands several years ago when we owned the bonds in the Intrepid Income Fund. Our knowledge of the two companies resulted in us referring to Pacific Brands as the "Hanesbrands of Australia." Hanesbrands agreed, and purchased the company for AUD 1.15 per share, far above our initial purchase price a little over one year ago in the low AUD 0.30s.[3] Typically, when we experience a buyout of one of our securities, we will sell even if the price is below the buyout price. We are not a merger arbitrage firm and do not attempt to pick up these small, high probability returns that have a low probability of a large negative return. However, we held on to this security until the deal was done in an attempt to minimize the tax burden for our investors. Some of our purchases occurred slightly more than a year from the scheme implementation date, and holding out for the cash payment from Hanesbrands causes these purchases to be considered a long-term gain, thus saving on taxes for a taxable investor. We also believed that the deal had a very high likelihood of going through due to the strength of Hanesbrands, which we felt resulted in less risk than a typical deal.

The top detractor during the quarter was Stallergenes Greer. The company is a top global producer of allergen immunotherapy solutions, including allergy shots and tablets. They are going through a rough patch, as they recently issued a voluntary recall at their primary manufacturing plant in France. No one was harmed and the plant is back up and running, but the near-term financial losses were large.

Hornbach Baumarkt is a DIY retailer in Germany that is spending heavily on logistics and IT in anticipation of a much larger part of their business being derived from online sales. While revenue has been increasing at an attractive level, the costs of building out a significantly larger distribution network are weighing on the bottom line. As online revenue reaches critical mass, we expect positive leverage out of the expenditures.

Clere AG is the new name for a much discussed security, Balda. The security is trading at a substantial discount to the net cash on the balance sheet. The security's negative return during the period was not significant; however, the weight in the portfolio was. The large weight is due primarily to the large dividend that is expected to be paid out in October, which will be considered a return of capital, meaning it will be tax free. When this dividend is paid out, our weight should drop meaningfully.

Our goal is to deliver to our investors what we would buy if we were on the other end. To get there, we are taking the advice of Angela Duckworth in her recent book, *Grit*: "Most dazzling human achievements are, in fact, the aggregate of countless individual elements, each of which is, in a sense, ordinary." We are not trying to reinvent the wheel here. We are, however, working tirelessly to produce salubrious risk-adjusted returns.

Thank you for your investment,

Ben O Franklin IV

Ben Franklin, CFA
Intrepid International Fund Portfolio Manager

[3] As of 6/30/2016, AUD = USD 0.74427

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.

Stocks are generally perceived to have more financial risk than bonds in that bond holders have a claim on firm operations or assets that is senior to that of equity holders. In addition, stock prices are generally more volatile than bond prices. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. A stock may trade with more or less liquidity than a bond depending on the number of shares and bonds outstanding, the size of the company, and the demand for the securities. Similarly, the transaction costs involved in trading a stock may be more or less than a particular bond depending on the factors mentioned above and whether the stock or bond trades upon an exchange. Depending on the entity issuing the bond, it may or may not afford additional protections to the investor, such as a guarantee of return of principal by a government or bond insurance company. There is typically no guarantee of any kind associated with the purchase of an individual stock. Bonds are often owned by individuals interested in current income while stocks are generally owned by individuals seeking price appreciation with income a secondary concern. The tax treatment of return of bonds and stocks also differs given differential tax treatment of income versus capital gain.

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.

Gross Domestic Product (GDP) is the monetary value of all the finished goods and services produced within a country's borders in a specific time period. Yield is the income return on an investment. It refers to the interest or dividends received from a security and is usually expressed annually as a percentage based on the investment's cost, its current market value or its face value. Do-It-Yourself (DIY) is a method of building, modifying, or repairing things without the direct aid of experts or professionals. Return of Capital is a payment received from an investment that is not considered a taxable event and is not taxed as income. Instead, return of capital occurs when an investor receives a portion of his original investment, and these payments are not considered income or capital gains from the investment.

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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