Intrepid Capital Funds
the constant pursuit of value

INTREPID CAPITAL FUND

1Q 2017

1ST QUARTER 2017 COMMENTARY

MARCH 31, 2017

PERFORMANCE

	Inception Date	Total Return Qtr.	Total Return YTD	Total Return 1 Year	Average Annualized Total Returns as of March 31, 2017 3 Year	5 Year	10 Year	Since Inception
Intrepid Capital Fund - Inv.	1/03/05	2.54%	2.54%	15.18%	3.51%	6.69%	7.06%	6.91%
Intrepid Capital Fund - Inst.	4/30/10	2.51%	2.51%	15.48%	3.78%	6.94%	-	7.21%
Russell 2000 Index		2.47%	2.47%	26.22%	7.22%	12.35%	7.12%	7.96%^
S&P 500 Index		6.07%	6.07%	17.17%	10.37%	13.30%	7.51%	7.92%^
BofA Merrill Lynch US High Yield Index		2.71%	2.71%	16.88%	4.62%	6.85%	7.34%	7.39%^

^Since Inception returns are as of the fund's Investor Class inception date. Since the inception date of the Institutional Class, the annualized return of the S&P 500 Index is 12.85%, BofA Merrill Lynch US High Yield Index is 7.44% and Russell 2000 Index is 11.53%.

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 dated January 31, 2017, the annual operating expense (gross) for the Intrepid Capital Fund-Investor Share Class is 1.45% and for the Intrepid Capital Fund-Institutional Share Class is 1.20%. The Fund's Advisor has contractually agreed to waive a portion of its fees and/or reimburse expenses until January 31, 2018 such that the total operating expense for the Capital Fund-Investor Share Class is 1.15% and for the Capital Fund-Institutional Share Class is 1.15%. The Capital Fund-Investor Share Class may have Net Expense higher than these expense caps as a result of any sales, distribution and other fees incurred under a plan adopted pursuant to Rule 12b-1 under the Investment Company Act of 1940, as amended (the "Investment Company Act"), acquired fund fees and expenses or other expenses (such as taxes, interest, brokerage commissions and extraordinary items) that are excluded from the calculation. As a result of the calculations, the Net Expense for the Capital Fund-Investor Share Class is 1.40%. The Net Expense for the Capital Fund-Institutional Share Class is 1.15%. The Net Expense Ratio represents the percentage paid by investors. Otherwise, performance shown would have been lower.

April 4, 2017

"Better to remain silent and be thought a fool than to speak out and remove all doubt."

— Abraham Lincoln

Dear Friends and Clients,

No, I am not referring to Donald Trump or his incessant tweets. As an aside, I am not certain "tweeting" is appropriate for the President of the United States, especially since they seem to go out unfiltered to the public, which could be a positive or negative depending on your point of view. I was thinking how it would be much more comfortable for those of us at Intrepid Capital to "remain silent" than offer our opinions on the state of the capital markets. I am also reminded of the peril in what I would call "The Boy Who Cried Wolf" syndrome. We have consistently expressed the view that stock prices in relation to the underlying business values are high and likely distorted by the interest rate suppression activity of central banks across the globe. Frankly, I am sure you are tired of hearing this refrain, but it is true, using almost any valuation method one chooses. Always remember the quote from the godfather of value investing, Warren Buffett: "Price is what you pay. Value is what you get."

Top Ten Holdings	(% OF NET ASSETS)
Berkshire Hathaway, Inc. - Class B	3.6%
Leucadia National Corp.	3.3%
Western Digital Corp.	3.1%
Teradata Corp.	3.1%
Corus Entertainment, Inc. - Class B	3.0%
Royal Mail PLC	3.0%
Patterson-UTI Energy, Inc.	2.6%
Amdocs Ltd.	2.6%
Express Scripts Holding Co.	2.5%
Baldwin & Lyons, Inc. - Class B	2.5%

Top ten holdings are as of March 31, 2017. Fund holdings are subject to change and are not recommendations to buy or sell any security.

My concern for our shareholders, after a long period of both low volatility and higher than normal annualized returns in the U.S. equity markets, is that it becomes expected that one will earn 15% with little risk. If only it were so! Since January 3, 2005, the inception date of the Intrepid Capital Fund ("the Fund"), the annualized rate of return of the S&P 500 is slightly higher than 7%, not twice that rate. The past twelve years encompass two bullish phases of upward equity prices and only one bearish phase, 2007-2009 – posthumously referred to as the Financial Crisis. This bullish phase commenced around this time eight years ago, interrupted only briefly by some volatility in the summer of 2011 around the U.S. debt downgrade. This business of money management is a strange one in that investors, contrary to consumers in virtually any other industry, generally want to buy more stocks, bonds, and commodities after – and only after – prices have risen considerably. Conversely, when stocks are on sale at deeply discounted prices, the majority of investors won't touch them with a 10-foot pole. This is what I refer to regularly, and sarcastically, as "buying high and selling low!"

Intuitively, in order to create the mispriced opportunities we seek, there must be either a micro event (e.g. company specific - missed earnings, debt downgrade) or macro event (e.g. unexpected change in interest, outbreak of war). Unfortunately, with cheap credit available to all and no obvious global seismic shifts such as sudden currency devaluations, we are left with mostly odds and ends to add to the portfolio. So, we sit here like firemen, waiting to slide down the pole when the bell rings to ferret out investments that meet the stringent qualifications of what we consider absolute value. In the interim, we wait, wait, and wait some more. What will be the catalyst that changes this placid sea into a stormy hurricane? I wish I knew! Believe me, if I did, I would rush to position the portfolio to take advantage of it.

With all of that said, we are pleased with some recently received validation of our investment process. During the quarter, two of our portfolio holdings, Dominion Diamond (ticker: DDC) and Spotless Group (ticker: SPO AU), received buyout offers which helped the stocks reach our internal valuations for each company and led to positive performance for the Fund. For the quarter ending March 31, 2017, the Fund increased 2.54%. For the same period, the S&P 500 Index returned 6.07% and the Bank of America Merrill Lynch US High Yield Index returned 2.71%. Considering the minimal risk incurred due to a healthy 12.1% cash position at the end of the quarter, along with 32.1% in bonds, both investment grade and short duration high yield, and 55.8% in equities, both domestic and international, we are pleased with the performance of the Fund for the period.

The Fund's five largest contributors during the quarter were Western Digital (ticker: WDC), Dominion Diamond (ticker: DDC), Oaktree Capital (ticker: OAK), Teradata (ticker: TDC), and Leucadia National (ticker: LUK). The Fund's five largest detractors for the quarter were Syntel (ticker: SYNT), Dundee Corp. (ticker: DC/A CN), Patterson-UTI Energy (ticker: PTEN), Royal Mail PLC (ticker: RMG), and Verizon (ticker: VZ).

For the first six months of the fiscal year, which began September 30, 2016, the Fund increased 4.94% compared to the returns of the S&P 500 Index and Bank of America Merrill Lynch US High Yield Index of 10.12% and 4.64%, respectively. Contributors to the Fund for the six-month period were Western Digital, Leucadia National, Dominion Diamond, Fenner (ticker: FENR), and Tetra Tech (ticker: TTEK). Detractors to the Fund for the same period were Syntel, Royal Mail, Dundee (ticker: DC.A), Express Scripts (ticker: ESRX), and Primero Mining's 5.75% convertible bonds due 2/28/2020.

We will be attending the upcoming Morningstar Conference in Chicago on April 26-28. Let us know if you plan to attend. We look forward to seeing you there.

Thank you for your continued support and entrusting us with your hard-earned capital.

Best regards,

Mark F. Travis
President
Intrepid Capital 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. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investments by the Fund in lower-rated and non-rated securities present a greater risk of loss to principal and interest than higher-rated securities. The Fund may invest in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. The risks of owning ETFs generally reflect the risks of owning the underlying securities they are designed to track. ETFs also have management fees that increase their costs versus the costs of owning the underlying securities directly.

The Russell 2000 Index consists of the smallest 2,000 companies in a group of 3,000 U.S. companies in the Russell 3000 Index, as ranked by market capitalization. The S&P 500 Index is a broad-based, unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general. The BofA Merrill Lynch US High Yield Index tracks the performance of US dollar denominated below investment grade corporate debt publicly issued in the US domestic market. Qualifying securities must have a below investment grade rating (based on an average of Moody's, S&P and Fitch), at least 18 months to final maturity at the time of issuance, at least one year remaining term to final maturity as of the rebalancing date, a fixed coupon schedule and a minimum amount outstanding of $250 million. You cannot invest directly in an index.

Active investing has higher management fees because of the manager's increased level of involvement while passive investing has lower management and operating fees. Investing in both actively and passively managed mutual funds involves risk and principal loss is possible. Both actively and passively managed mutual funds generally have daily liquidity. There are no guarantees regarding the performance of actively and passively managed mutual funds. Actively managed mutual funds may have higher portfolio turnover than passively managed funds. Excessive turnover can limit returns and can incur capital gains.

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

The Intrepid Capital Funds are distributed by Quasar Distributors, LLC.