

PERFORMANCE	Inception Date	Total Return			Average Annualized Total Returns as of March 31, 2018		
		Qtr.	YTD	1 Year	3 Year	5 Year	Since Inception
Intrepid International Fund - Inv.	12/30/14	-4.15%	-4.15%	9.38%	8.03%	-	6.59%
MSCI EAFE Net Index		-1.53%	-1.53%	14.80%	5.55%	-	6.61%
MSCI EAFE Hedged Index		-3.76%	-3.76%	7.07%	4.26%	-	7.25%

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, 2018, the annual operating expense (gross) for the Intrepid International Fund-Investor Share Class is 2.14%. The Fund's Advisor has contractually agreed to waive a portion of its fees and/or reimburse expenses until January 31, 2019 such that Net Expense Ratio for the International Fund-Investor Share Class is 1.40%. The Net Expense Ratio represents the percentage paid by investors. Otherwise, performance shown would have been lower.

April 4, 2018

“Lucy! You got some ‘splainin to do!”

— Quote incorrectly attributed to Ricky Ricardo, *I Love Lucy*¹

Dear Fellow Shareholders,

The volatility monster, which has been hiding for years, popped its head out this quarter to see what’s going on in the world. For now, he is only slowly being awakened. He was tickled awake by potential inflation, as well as increased interest rates. While the monster did not cause widespread panic, his awakening was enough to send markets into negative territory for the quarter. It didn’t start this way, however. January was full of ebullience, with the MSCI EAFE Index (the “Index”) climbing 5%. Since the end of January, the Index fell by 6.4%, resulting in performance for the quarter declining by 1.53%.

This is the kind of environment we expect to do well in, but we were unsuccessful during the quarter. The Intrepid International Fund (the “Fund”) declined 4.15% during the quarter, which is more than the Index. As the quote at the top describes, we’ve got some “splainin to do.” First, we believe one quarter is far too short of a period for evaluation. We believe this is the most important item to understand—a long-term perspective is imperative. Second, the inferior performance was dominated by a few positions that fell precipitously in the quarter. These three positions dragged the Fund down by nearly 6%; otherwise, our performance would have been positive for the quarter. To summarize our thinking, we do not believe the business values of these companies fell anywhere near the rate of their stock prices. In many cases, we have added to our positions and feel the portfolio is well-positioned.

We usually start with the good news – the contributors. Due to the underperformance during the period, we’ll begin by ripping off the band-aid. Our three largest detractors in the quarter were Retail Food Group (ticker: RFG AU), Corus

¹ This quote is known as a false memory—a recollection of an event that did not actually occur. Many people, myself included, falsely remember this quote. In fact, the quote was incorrectly used in the movie *Fools Rush In*. Another interesting false memory from *Star Wars*: “Luke, I am your father.”

Entertainment (ticker: CJR/B CN), and Dundee Corp (ticker: DC/A CN). The Fund's largest contributors were Primero Mining's 5.75% Convertible Notes (CUSIP: 74164WAB2), LifeHealthcare Group (ticker: LHC AU), and Royal Mail PLC (ticker: RMG LN).

Retail Food Group was purchased in the fourth quarter of 2017 and went on to be a top contributor for that period. This quarter, the holding was responsible for almost 3% of the Fund's decline. The company, which is in the fairly simple business of franchising small restaurants, has come under significant pressure regarding the way they treat their franchisees. Some of the media attention is likely warranted; however, so far it has been only one-sided, with no defense from management in the public eye. This has created a self-fulfilling prophecy with the shares trading down significantly and consistently. We believe there is more value in the company than the market is giving it credit for. For example, the company has spent more than AUD \$450 million on acquisitions since 2007, yet the entire enterprise can be purchased today for nearly AUD \$400 million. These acquisitions cause some complexity in the reported financials, which we continue to diligently evaluate. We look forward to updating our investors on the progression of our thinking regarding this investment.

Corus has been struggling with advertising revenues as consumers continue to make the shift to digital. While this phenomenon is having an adverse impact on the company and will likely continue, the company has control of the majority of the ratings for both women and children in Canada. We believe this will allow Corus to survive the shift, albeit at lower profitability. Additionally, the company's trailing 12-month free cash flow yield is over 20%, and the company's dividend yield is 16%. This cash generation helps compensate us throughout the shift.

The Dundee common shares were a detractor once again. The holding company has tangible net assets worth over CAD \$9 per share, which includes public securities they could easily liquidate. Nevertheless, the shares trade below CAD \$2 per share. There are two reasons for this. The first is that the company is burning cash. Many of their holdings are not producing cash flow currently, leading to a drain on the net asset value. The second is that the company is controlled by the Goodman family. Without the ability for any outside shareholder to potentially control the company, existing shareholders are left with an asset that has been declining in value. The Goodman family, which collectively has a 20% economic interest, has felt the pain as the market value has plummeted over 80% since 2014. This decline of over \$600 million in market value means their 20% economic interest has fallen by over \$100 million – Ouch! The upside is that they should be highly incentivized to right the ship. Recently, David Goodman stepped down, and his brother Jonathan is now pulling the strings. He is completing a full review of all their holdings, and we eagerly await his assessment. Despite the Goodmans' 20% economic interest, they have full voting control. If this were not the case, we would expect plenty of potential buyers of the firm to step up and potentially plug the holes. If we change our minds and think Jonathan is not up to the task, our only option will be to vote with our feet.

Now for the top contributors. In January, Primero Mining announced that First Majestic Silver Corp (ticker: AG) would be taking over the company. The announcement meant that our convertible notes would, in all likelihood, be paid off at par. The notes were priced in the 60s, leading to a significant gain in the period to near par. The takeover should occur shortly, and we expect to be paid off in full when it closes.

LifeHealthcare Group announced in February that a private equity firm, Pacific Equity Partners, had entered a scheme to purchase the company for a 46% premium to the closing price the day before the announcement. LifeHealthcare remains in the portfolio until its likely takeout date in May.

Top Ten Holdings

(% OF NET ASSETS)

Clere AG	6.1%
Coventry Group Ltd.	6.0%
Dundee Corp., 5.190%	5.8%
Noranda Income Fund	5.2%
LifeHealthcare Group Ltd.	5.0%
Hornbach Baumarkt AG	4.4%
Dundee Corp., 7.500%	4.3%
Quarto Group, Inc.	4.0%
Gattaca PLC	3.9%
GEA	3.5%

Top ten holdings are as of March 31, 2018. Fund holdings are subject to change and are not recommendations to buy or sell any security.

Prior to the first quarter, the share price of Royal Mail had been weighed down by pension negotiations with their union. On January 26th, the company announced that they had agreed with the union on several items, including the pension. The outcome was positive for shareholders, helping send the shares up during the period.

The few holdings that are dragging down performance are masking some of the above mentioned positive developments. In February, we reviewed the number of holdings we have owned since the inception of the Fund that have been bought out by another firm. We were surprised to see that one-quarter of all holdings had been taken out. The average premium over our weighted average cost was 60%. Some of these investments took time to work out and were negative contributors to performance at one time. During the time these holdings were negative contributors, we looked like fools for holding them. We feel the same way about many of our holdings negatively contributing to performance today – we look like fools for now, but we also see the opportunity. This industry requires patience, and, at times like this, more than average. However, we are thankful that Mr. Market has offered to sell shares at these low prices. In the meantime, we will continue with our stoicism and thank our investors for theirs.

Thank you for entrusting us with your capital.

Sincerely,



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 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 MSCI EAFE Net Index is recognized as the pre-eminent benchmark in the United States to measure international equity performance. The MSCI EAFE Hedged Index The MSCI EAFE Net Index is recognized as the pre-eminent benchmark in the United States to measure international equity performance. The MSCI EAFE Hedged Index represents a close estimation of the performance that can be achieved by hedging the currency exposures of its parent index, the MSCI EAFE Index, to the USD, the “home” currency for the hedged index. The index is 100% hedged to the USD by selling each foreign currency forward at the one-month Forward weight. You cannot invest directly in an index.

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. Dividend Yield is calculated by dividing the dollar value of dividends paid in a given year per share of stock held by the dollar value of one share of stock. Free Cash Flow Yield is calculated by taking the free cash flow per share dividend by the share price. Free Cash Flow measures the cash generating capability of a company by subtracting capital expenditures from cash flow from operations.

As of 3/31/18, 1 USD = 1.290111 AUD.

As of 3/31/18, 1 USD = 1.2904 CAD.

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

Diversification does not guarantee a profit or protect from loss in a declining market.

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