Intrepid Capital Funds
the constant pursuit of value

INTREPID DISCIPLINED VALUE FUND

3rd QUARTER 2015 COMMENTARY

3Q 2015

SEPTEMBER 30, 2015

PERFORMANCE

	Inception Date	Total Return Qtr.	Total Return YTD	Total Return 1 Year	Average Annualized Total Returns as of September 30, 2015 3 Year	5 Year	Since Inception
Intrepid Disciplined Value Fund - Inv.	10/31/07	-6.64%	-5.40%	-3.32%	6.61%	7.40%	5.03%
S&P 500 Index		-6.44%	-5.29%	-0.61%	12.40%	13.34%	5.01%
Russell 3000 Index		-7.25%	-5.45%	-0.49%	12.53%	13.28%	5.19%

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 expense (gross) for the Investor Shares is 1.57%. 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 1.30% through 1/31/16.

October 1, 2015

Dear Fellow Shareholders,

"It was the best of times, it was the worst of times…"
- Charles Dickens, *A Tale of Two Cities*

We do not believe we could find many people who would call today the best of times, and we are not likely to find too many that would call it the worst of times (although perhaps more pessimists than optimists), but the quote above does reflect the dichotomous nature of the market today. On the one hand, in this country, unemployment continues to shrink, payrolls have increased, consumer spending has improved, and GDP has grown to the point where the Federal Reserve has indicated we are ready for an interest rate hike—almost! However, now more than ever, there is an "on the other hand" - that infamous phrase of uncertainty. On the other hand, we see economic growth in China slowing and an accompanying concern that this slowdown will bleed over into the global economy. We see a Chinese stock market dropping precipitously from an incredibly lofty level, which has led nervous Chinese authorities to ban larger shareholders of Chinese stocks from selling. We see a long-in-the-tooth U.S. bull market that has been going strong for over six years - the third longest bull market in history so far. We see global mergers and acquisitions hitting $2.6 trillion in the third quarter alone, with the year 2015 heading to beat the record set in 2007 of $4.29 trillion.[1] We see the difference between Standard & Poor's 500 Index members' GAAP (Generally Accepted Accounting Principles) EPS (Earnings per share) and non-GAAP EPS getting larger. This is a sign that companies are finding ways to adjust their relatively poor earnings to appear better than they actually are by excluding such things as pension losses or restructuring costs. As a matter of fact, the S&P 500 showed growth in non-GAAP EPS for the first six months of 2015 versus the first six months of 2014, but on a GAAP basis, earnings per share for the S&P 500 was down 13% over the same time frame.[2] All of these signs lead us to see it as a tale of two markets. And we think that these two markets – one upbeat and optimistic, the other fearful and negative – will lead to heightened volatility.

For the quarter ended September 30, 2015, The Intrepid Disciplined Value Fund ("the Fund") fell 6.64% versus the S&P 500 Index's drop of 6.44% and the Russell 3000 Index's decline of 7.25%. For the last twelve months (our Fund's fiscal year), the Fund fell 3.32% versus 0.61% for the S&P 500 and 0.49% for the Russell 3000. Bear in mind that the fourth calendar quarter of 2014 was a large positive return for the broad equity markets. On a year-to-date basis, the Fund returned -5.40% compared to the S&P 500's return of -5.29% and the Russell 3000's return of -5.45%.

[1]Lachapelle, Tara. "M&A's Fiorina Moment: Tara Lachapelle." Bloomberg View. 30 Sep. 2015.
[2]Ro, Sam. "Profits aren't actually growing- companies are just fudging the numbers more than usual." Business Insider. 17 Aug. 2015.

Top Ten Holdings	(% of net assets)
Oaktree Capital Group LLC	3.1%
Teradata Corp.	3.0%
Symantec Corp.	3.0%
SanDisk Corp.	2.7%
Northern Trust Corp.	2.7%
Verizon Communications, Inc.	2.7%
Leucadia National Corp.	2.4%
Corus Entertainment, Inc. - Class B	2.4%
Microsoft Corp.	2.2%
Alamos Gold, Inc. - Class A	1.7%

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

In general terms, the market selloff was fairly broad, although some industries were hit harder than others. Within the Fund, energy and precious metals had the most negative impact, and two of our worst performers in the quarter were Unit Corp (ticker: UNT), a North American driller, and gold miner Newmont Mining (ticker: NEM). Rounding out the bottom three was one operating business, Teradata Corp (ticker: TDC), which posted disappointing earnings results relative to market expectations. More of TDC's corporate clients are delaying their purchases of hardware to upgrade their data warehouse systems, particularly the company's financial clients. The delay in TDC's turnaround, combined with an increasingly impatient market, led to a sharp sell-off in shares.

On the other side of the equation, there were not really any winners, just share prices that held up better than most. One exception may be Quarto Group (ticker: QRT LN), the UK-based publisher, which has posted some very impressive results. We tip our collective hat to Intrepid International Fund Portfolio Manager Ben Franklin, who discovered this idea. Take a bow, Ben! Rounding out the top three contributors were Amdocs (ticker: DOX), a stable billing service provider to cable and phone companies, and Microsoft Corp (ticker: MSFT).

The Fund ended the quarter with a cash level of 55.6%. This increase from last quarter is somewhat misleading, because we have engaged in some tax loss sales which temporarily increased the cash position. This increase was partially offset by our purchase of a new idea that has been on the radar for a while: Symantec Corp (ticker: SYMC). We have had a valuation in mind for this security for over a year, but until recently the price was simply above where we were comfortable paying. Back on August 11th, Symantec announced that it would sell its Information Management business, Veritas, to a group of private equity investors including Carlyle Group and the Singapore Sovereign Wealth Fund (GIC) for $8 billion in cash. However, Symantec will only net $6.3 billion after taxes. This is due to the "magic" of transfer pricing within subsidiaries. The idea is that a firm can minimize its tax burdens in higher tax domiciles like the U.S. by structuring prices between subsidiaries so that the business units in lower tax domiciles (like Ireland) earn more of the profits. However, engaging in this transfer pricing left a large unrealized tax bill for Symantec's Veritas unit that it must pay after the sale. Needless to say, the market was not happy with the arrangement. Many investors would have preferred a tax-free spinoff of Veritas. In our opinion, however, you cannot get something for nothing, and knowing that there was an embedded tax burden within Veritas would have meant the value on the spinoff would likely have been lower. Regardless, the remaining business has a nice operating margin above 30%, and we believe the stock price now trades below its intrinsic value. Sometimes, it takes a while before we find an attractive discount, but we believe we have found one in this case.

The average discount within the Fund's invested portfolio is 18%, which is our internal measure that examines our intrinsic valuation for each individual stock in comparison to its stock price. Again, due to the market's decline in the quarter, this average discount widened compared with the last quarter. If this market volatility keeps up, we would grow more confident that we can deploy more cash for new opportunities. We are not sitting still, however; we remain vigilant in looking for new investment ideas. We thank you for your trust in our process.

Sincerely,

Greg M. Estes

Greg Estes, CFA
Intrepid Disciplined Value 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 and medium sized 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.

Prior to April 1, 2013, the Fund was named the Intrepid All Cap Fund.

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 Russell 3000 Index is an index representing the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market. The Chicago Board Options Exchange Volatility Index (the VIX) is a widely used measure of market risk used to gauge the market's anxiety level. You cannot invest directly in an index.

Non-GAAP (Generally Accepted Accounting Principles) is an alternative earnings measure of the performance of a company. Earnings per Share (EPS) is the portion of a company's profit allocated to each outstanding share of common stock.

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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