Intrepid Capital Funds
the constant pursuit of value

INTREPID SELECT FUND

1ST QUARTER 2016 COMMENTARY

1Q 2016

MARCH 31, 2016

PERFORMANCE

	Inception Date	Qtr.	YTD	1 Year	3 Year	5 Year	Since Inception
		Total Return		Total Returns as of March 31, 2016			
Intrepid Select Fund - Inv.	7/31/15	6.96%	6.96%	-	-	-	-1.41%
Russell 2000 Index		-1.52%	-1.52%	-	-	-	-9.08%
S&P MidCap 400 Index		3.78%	3.78%	-	-	-	-2.69%

Short term performance, in particular, is not a good indication of the fund's future performance and an investment should not be made solely on returns. 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 5.75%. 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, respectively. Otherwise, performance shows would have been lower.

April 5, 2016

Dear Fellow Shareholders,

For the three months ending March 31, 2016, the Intrepid Select Fund (the "Fund") returned 6.96% compared to a 1.52% loss for the Russell 2000 Index and a 3.78% increase for the S&P 400 Midcap index. Cash ended the quarter at 10.9% of Fund assets. As a reminder, the Select Fund is a more fully invested version of Intrepid's small and mid-cap strategies. It will typically hold larger position sizes.

Several of the Fund's biggest losers from 2015 were its largest contributors in the first quarter, including Dundee Corp. (ticker: DC/A CN), Corus Entertainment (ticker: CJR/B CN), and Sandstorm Gold (ticker: SAND). Although Dundee's shares rebounded partially over the first quarter, we're still deep in the red on the investment. The stock experienced relief as management successfully extended the maturity date of one class of preferred stock, which freed up liquidity. Additionally, the company announced other actions to minimize the earnings drag from unprofitable subsidiaries, including a deal to divest most of its retail broker dealer operations to Euro Pacific Capital. Dundee's publicly-traded investment holdings also recovered some value during the quarter. We expect management to continue pruning the company's portfolio with a targeted focus on the disposal of loss-making entities.

On January 13th, Corus announced the acquisition of Shaw Media for $2.65 billion. This transaction ties Corus with Bell Media as the largest owner of television networks in Canada and makes Corus the undisputed heavyweight in channels targeting women and kids. It gives the company tremendous heft in dealing with advertisers and negotiating with distributors over carriage fees. Strategically, it's a win, in our book, as there are significant synergies between the two businesses. Financially, it stretches Corus's balance sheet, but the company's robust free cash flow should enable quick deleveraging. The stock initially sold off on the deal, which included a dilutive equity component. However, it recovered into quarter end as investors began embracing the strategic rationale of the merger alongside Corus's extremely low valuation multiple.

Sandstorm Gold participated in the rally in gold prices off of multiyear lows. In our view, Sandstorm has been the most inexpensive precious metals streaming company, often trading at multiples that are half those of its peers. A couple of years ago, the vast majority of Sandstorm's revenue came from junior miner counterparties, and a few of them had weak balance sheets or above-average breakeven costs. Sandstorm has dramatically upgraded the quality of its counterparty portfolio through streaming and royalty acquisitions, and the company has also benefited from the acquisition of its partners by larger mining firms. Today, over three quarters of Sandstorm's cash flow comes from major and mid-tier miners. We believe the firm's counterparty risk profile is as good as larger streaming companies like Franco Nevada, Silver Wheaton, and Royal Gold.

Top Ten Holdings	(% OF NET ASSETS)
Corus Entertainment, Inc. - Class B	8.4%
EZCORP, Inc., 06/15/2019, 2.125%	7.3%
Tetra Tech, Inc.	5.9%
Cubic Corp.	5.2%
Leucadia National Corp.	4.7%
Teradata Corp.	4.7%
Sandstorm Gold Ltd.	4.5%
Baldwin & Lyons, Inc. - Class B	4.4%
Oaktree Capital Group LLC	4.4%
Mattel, Inc.	4.4%

Top ten holdings are as of March 31, 2016. Fund holdings are subject to change and are not recommendations to buy or sell any security.

The Fund's largest detractors in Q1 were EZCORP convertible bonds (CUSIP 302301AB2), American Science & Engineering (ticker: ASEI), and Leucadia (ticker: LUK). EZCORP's converts have tracked the stock lower, but we think the risk/reward equation is more favorable for the debt, which finished the quarter yielding 18%. We believe the underlying value inherent in EZCORP's high-quality pawn shops has been obscured by several factors, including poor corporate governance, declining gold scrapping profits, and a material accounting restatement at a payroll withholding business in Mexico. Much of the debt consolidated onto EZCORP's balance sheet is non-recourse to the company and is tied to a money losing subsidiary. Once management rids itself of this headache, a cleaner investment story will emerge. We continue to believe our bonds are well-covered under all plausible scenarios. The current enterprise value of EZCORP, marking the bonds to market, implies a per store value for EZCORP's pawn locations that is approximately one-quarter the level of its publicly-traded, acquisitive peers.

American Science & Engineering's stock dropped sharply in the first quarter after the company reported weak results. ASEI specializes in x-ray inspection and screening systems used to combat terrorism, drug trafficking, weapons smuggling, and illegal immigration. In today's world, you'd think they'd be knocking it out of the park, but results have suffered the last several years because of troop withdrawals from Iraq and Afghanistan. We think the worst is behind the company, which has cutting-edge technology. We added to our small stake in the quarter, when the company's enterprise value was equivalent to three years' worth of research & development spending. We think shareholder value would be maximized if ASEI were part of a larger defense technology firm.

Leucadia had an awful January and February. It began the year at $17, and by the time it released its 10-K in late February, it had seen its price drop to a low of $14.27. Leucadia's biggest asset is the investment bank Jefferies Group, which represents almost half of LUK's invested capital. Jefferies has seen fixed income trading revenue plummet as investors avoid riskier bonds and flee into highly liquid, short-term securities. Its other big investment is the beef processor National Beef, which has been mired in a difficult operating environment for three years running. The spread earned between cattle prices and boxed beef prices has been so small that National Beef struggles to earn a positive profit. It has responded by closing some processing plants. More recently, the spreads have widened a bit, but just when that could have helped the bottom line, volume declined, thus sending National Beef to another quarterly loss. While National Beef might take some time to right the ship, we believe that Jefferies can return to better profits as trading behavior normalizes. By quarter end, shares of LUK closed at $16.17.

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The Fund sold out of one position and purchased one new name in the first quarter. We exited our remaining stake in Ingram Micro (ticker: IM) on February 17th as the stock exceeded our intrinsic value estimate. This proved to be comically bad timing, as the company was bought out later that day, robbing the Fund of about 72 basis points of additional performance.

We established a new holding in Starz (ticker: STRZA) after it declined on disappointing earnings guidance from Lions Gate, a major Starz shareholder and potential corporate suitor. Starz operates one of the leading premium television networks in the U.S. Since 2010, the company has shifted its lineup from movies to original programming, in hopes of mimicking the success of HBO and Showtime. Starz' bargaining position with cable distributors has generally improved as the network now features successful original series such as *Black Sails, Outlander,* and *Power,* and is not just a reseller of feature films. On the other hand, distributors are consolidating and Starz may alienate them by recently offering its network over-the-top. Furthermore, premium channels face a growing competitive threat from Netflix, which is aggressively investing in original programming. We think the endgame for Starz is a union with another media company like Lions Gate, which owns 14% of Starz' equity. Absent a deal, we still believe Starz is a viable standalone business with stable subscription-based revenues and an attractive free cash flow stream. We purchased the stock for less than 8x operating income but subsequently reduced our position after the shares quickly rebounded.

Thank you for your interest in our Fund.

Sincerely,

Jayme Wiggins, CFA
Intrepid Select Fund Co-Portfolio Manager

Greg Estes, CFA
Intrepid Select Fund Co-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 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. There can be no assurance that a newly organized Fund will grow to or maintain an economically viable size.

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 MidCap 400 Index seeks to track the performance of mid-cap U.S. equities, representing more than 7% of available U.S. market cap. You cannot invest directly in an index.

Cash Flow measures the cash generating capability of a company by adding non-cash charges and interest to pretax income. Free Cash Flow measures the cash generating capability of a company by subtracting capital expenditures from cash flow from operations. Enterprise Value equals market capitalization plus debt minus cash. Basis Point is a unit that is equal to 1/100th of 1% and is used to denote the change in a financial instrument.

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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