Intrepid Capital Funds *the constant pursuit of value*

INTREPID CAPITAL FUND

2nd QUARTER 2015 COMMENTARY

2Q2015

JUNE 30, 2015

PERFORMANCE

	Inception Date	Total Return Qtr.	YTD	1 Year	Average Annualized Total Returns as of June 30, 2015 3 Year	5 Year	10 Year	Since Inception
Intrepid Capital Fund - Inv.	1/3/05	0.36%	1.39%	0.61%	9.05%	9.19%	7.88%	7.27%
Intrepid Capital Fund - Inst.	4/30/10	0.42%	1.52%	0.79%	9.30%	9.46%	-	7.95%
S&P 500 Index		0.28%	1.23%	7.42%	17.31%	17.34%	7.89%	7.51%^
Russell 2000 Index		0.42%	4.75%	6.49%	17.81%	17.08%	8.40%	8.05%^
BAML High Yield Master II Index		-0.05%	2.49%	-0.55%	6.80%	8.41%	7.75%	7.48%^

^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 13.68%, Russell 2000 Index is 12.95%, and BAML High Yield Master II Index is 7.65%.

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 1.41% and for the Institutional Share Class is 1.16%. 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% and 1.15% through 1/31/16, respectively. Otherwise, performance shown would have been lower.

July 1, 2015

"I believe the market is extremely overheated . . . if more respected investors had warned about the market in '07, we might have avoided the crisis in '08."
- Carl Icahn, on Twitter

Dear Friends and Clients,

I read the above quote from Carl Icahn, the famous corporate raider, in a recent edition of *Barron's* magazine. I find it of continuing interest that other well-known investors have expressed similar opinions, along with notable academic luminaries, including Janet Yellen, Chairwoman of the Federal Reserve, and Yale professor Robert Shiller, yet no one appears to be listening, at least at the moment. The gravitational pull away from non-existent returns on cash has left most investors with a "tin ear," either deaf to the fact that equity and debt valuations are stretched, or helpless to remove themselves from the capital markets due to a need for current income.

The 3-year and 5-year returns of the S&P 500 are both over 17% annualized. This fact, coupled with very low equity price volatility and the aforementioned microscopic returns on cash and savings accounts, have led many investors to adopt the attitude of Alfred E. Neuman of *Mad Magazine*, "What, me worry?" Yes, one should worry. In fact, that is largely what we do on your behalf – worry. Many have made the choice to invest in unprofitable, speculative businesses that could take decades to generate enough cash to repay the initial investment, if ever.

In the fixed income world, such investments usually involve seeking yield without regard to maturity or the inherent risk of capital loss if interest rates begin to rise in the future. The timing of such a move is uncertain. I, for one, don't think the good old U.S.A. can afford higher rates on the additional nine trillion dollars the federal government has borrowed since 2008. According to the Congressional Budget Office, net interest payments were $231 billion in 2014 with a 1.8% average rate.[1] A mere 1% rise in rates would require an additional $128 billion in interest on the same

[1]*Source: Congressional Budget Office* (CBO) "CBO's Projection of Federal Interest Payments" (Sept. 3, 2014)

amount of debt. Significantly higher interest rates would be tough if not impossible to swallow within the confines of the U.S. budget.

At Intrepid Capital, we believe that prospective returns are driven by what we pay for an asset and the corresponding cash flows that come with it. Please keep in mind that as volatility increases, the more likely mispricing is to occur, and the more likely we are to find investments where there is a favorable risk/reward profile.

At this juncture in early July 2015, most returns in the capital markets, equity or debt, have been rather subdued year to date, ±1%; not exactly what many were expecting given the strong bull run of 2013 and 2014. If prices become more attractive, I will look forward to reporting back to you what we have found.

Top Ten Holdings	(% of net assets)
Berkshire Hathaway, Inc. - Class B	3.8%
Express Scripts Holding Co.	3.7%
Ezcorp, Inc., 06/15/2019, 2.125%	3.3%
Royal Mail PLC	3.2%
Amdocs Ltd.	3.2%
Oaktree Capital Group LLC	2.9%
Tetra Tech, Inc.	2.9%
Corus Entertainment, Inc. - Class B	2.8%
Dundee Corp. - Class A	2.6%
Leucadia National Corp.	2.5%

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

For the quarter ended June 30, 2015, the Intrepid Capital Fund increased 0.36%, compared to the S&P 500 Index and the BAML High Yield Master II Index which returned 0.28% and -0.05%, respectively, for the period. Cash in the portfolio at the end of the quarter was 15.8%. The top performers in the Fund for the quarter were Royal Mail (ticker: RMG LN), Telephone & Data Systems (ticker: TDS), Bio-Rad (ticker: BIO), Leucadia National (ticker: LUK) and Tetra Tech (ticker: TTEK). Worst performers for the period were Contango Oil & Gas (ticker: MCF), Corus Entertainment (ticker: CJR/B), Berkshire Hathaway CL-B (ticker: BRK-B), Coach (ticker: COH) and Northern Oil & Gas (ticker: NOG).

For the 10 year period ending June 30, 2015, the Fund has outperformed 95% of the 472 funds in the Morningstar Moderate Allocation Peer Group, based on risk-adjusted returns. Morningstar ranked the Fund in the 80th, 75th, 79th, and 5th percentile out of 917, 815, 703, and 472 Moderate Allocation funds for one-, three-, five-, and ten-year periods ending June 30, 2015, respectively. We are also pleased to again report the Fund received an overall 4-Star Morningstar Rating out of 815 Moderate Allocation funds for the period ending June 30, 2015 (derived from a weighted average of the fund's three-, five-, and ten-year risk adjusted return measure).

Thank you for trusting us with your hard earned capital. It is not a position we take lightly.

Best regards,

Mark F. Travis

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. 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. 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 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 Bank of America/ Merrill Lynch High Yield Master II Index is Merrill Lynch's broadest high yield index, and as such is comparable with the broad indices published by other investment banks. 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. You cannot invest directly in an index.

Morningstar Proprietary Ratings reflect risk-adjusted performance as of 6/30/15. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar risk-adjusted return measure that accounts for variation in a fund's monthly performance placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in distribution percentage. The Intrepid Capital Fund-Investor received 2 stars among 815 for the three-year, 2 stars among 703 for the five-year, and 5 stars among 472 Moderate Allocation Funds for the ten-year period ending 6/30/15. The rating is specific to the Investor Share Class and does not apply to other share classes, which have different ratings.

Morningstar Rankings represent a fund's total-return percentile rank relative to all funds that have the same Morningstar Category. The highest percentile rank is 1 and the lowest is 100. It is based on Morningstar total return, which includes both income and capital gains or losses and is not adjusted for sales charges or redemption fees. The ranking is specific to the Investor Share Class and does not apply to the other share class, which as different rankings.

 Past performance is no guarantee of future results.

References to other mutual funds should not be interpreted as an offer of these securities.

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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