Intrepid Capital Funds *the constant pursuit of value*

INTREPID CAPITAL FUND

3Q 2015

3rd QUARTER 2015 COMMENTARY

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	10 Year	Since Inception
Intrepid Capital Fund - Inv.	1/3/05	-8.36%	-7.08%	-7.17%	3.99%	6.09%	6.89%	6.23%
Intrepid Capital Fund - Inst.	4/30/10	-8.30%	-6.90%	-6.92%	4.23%	6.34%	-	5.86%
S&P 500 Index		-6.44%	-5.29%	-0.61%	12.40%	13.34%	6.80%	6.67%^
Russell 2000 Index		-11.92%	-7.73%	1.25%	11.02%	11.73%	6.55%	6.58%^
BAML High Yield Master II Index		-4.90%	-2.53%	-3.57%	3.46%	5.94%	7.11%	6.80%^

^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 11.63%, Russell 2000 Index is 9.71%, and BAML High Yield Master II Index is 6.29%.

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.

October 1, 2015

"If you can't stop, smile as you go under."
- Bumper sticker on large 4 x 4 truck

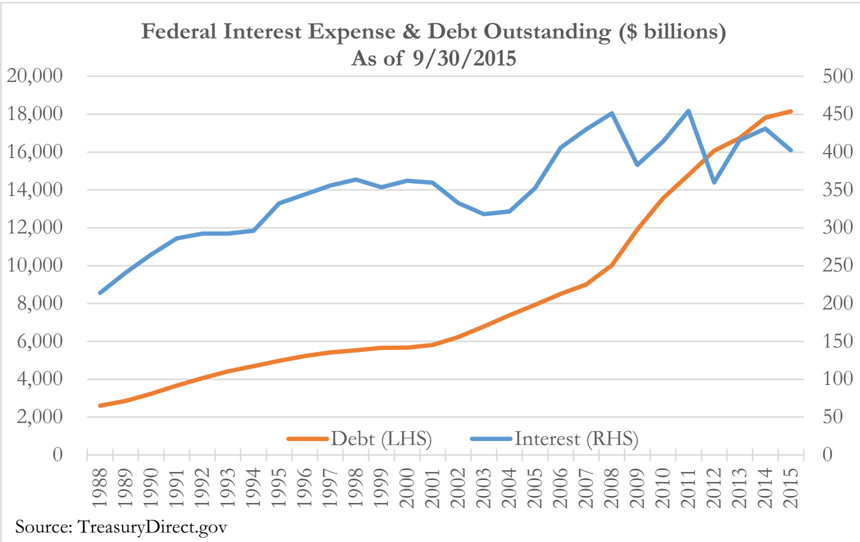
Dear Friends and Clients,

In reflecting back on the third quarter of 2015, as well as the last calendar year, I am not surprised by the fact that the returns in the capital markets have been unattractive. We have warned investors repeatedly that prices were high and the pickings slim.

Volatility was finally reawakened in late August with the Chinese central bank announcing a devaluation of the Chinese currency, the Yuan, in an effort to prop up their collapsing economy. The Chinese have pulled out all the stops to try to slow a crashing stock and housing market, including banning selling by major shareholders, temporarily halting trades in more than half of the companies listed on Chinese exchanges, and even threatening short sellers with imprisonment. So much for central planning!

The story is less dramatic but not all that different on this side of the Pacific. Our Fed policy, which I have referred to in the past as a "morphine drip of interest rate suppression," is now called into question as the Fed declined the opportunity at their mid-September meeting to move the Feds Fund Rate up even 25 basis points (¼ of 1%)! This is after the recession was declared over in June of 2009, more than six years ago. This government-led rate suppression has caused a massive misallocation of capital and over–investment, as investors attempt to find any investment vehicle yielding more than the roughly 0% offered on the shorter end of the yield curve.

It's not difficult to understand why the federal government would be in no hurry to see higher rates. The rate suppression has enabled the government to continue its profligate deficit spending, driving up the national debt without feeling the full effect of higher interest payments. As the accompanying graph shows, interest expense on government debt has been relatively stable over most of the last decade even while the amount of debt has skyrocketed. The answer to our annual government deficits is not as simple as taxing the rich or retreating from foreign entanglements, as my friends on the left would have you believe. A more normalized (4-6%) interest rate would cause much more fiscal pain in our federal government. I hope this pain would force those on the right and left to reconcile their differences and generate policies conducive to a higher rate of growth than we have had in the past.



Top Ten Holdings	(% of net assets)
Berkshire Hathaway, Inc. - Class B	4.3%
Royal Mail PLC	4.0%
Ezcorp, Inc., 06/15/2019, 2.125%	3.7%
Verizon Communications, Inc.	3.6%
Tetra Tech, Inc.	3.3%
Oaktree Capital Group LLC	3.3%
Express Scripts Holdings Co.	3.1%
Amdocs Ltd.	3.0%
Pitney Bowes Intl Pfd Stock	2.9%
The Western Union Co.	2.7%

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 a normal business cycle, a severe recession is usually followed by a "bounce;" a strong rebound in economic conditions. That has not been the case this time around as the government adopted policies and regulatory burdens at the trough of the cycle that have retarded economic growth, including Obamacare, the Consumer Financial Protection Bureau, and a host of oppressive and costly EPA "earth first" policies.

These policies, and many others in which power is taken from individuals and state and local governments and abdicated to an ever larger federal government, make this country more and more subject to what I call "Euro Sclerosis" – policies followed in countries like France, with rigid inflexible labor costs, high regulatory burdens, high unemployment, particularly among their youth, and nearly invisible growth rates. France's GDP has grown less than 0.5% a year since the late 1970's. I don't think this is an outcome we as a country want; I know I don't.

In preparation for writing this letter, I like to look back at past communications with shareholders to help me gain a longer-term perspective. I noticed at year-end 2014 that I commented, "it will be interesting to see how the Federal Reserve works its way out of the 'box canyon' in which it finds itself." I went on to say, "With an aging bull market, coupled with high stock and bond prices, we believe the prices could swing dramatically." In a word, YES, they have, over the course of the third quarter of 2015. The equity indices, along with the Bank of America Merrill Lynch High Yield index, all fell over the period. We were not immune, unfortunately.

Our cash buffer may have helped at the margin, but maybe not as much as I would have liked. I am hopeful that we "took our lumps" earlier in the year, largely related to oil and gas investments made over the course of the last year. I think the markets have "caught" us on the way down, hence my bumper sticker quote at the top of this letter!

As uncomfortable as it is to be down for the moment, I regard this as a normal part of our value-seeking contrarian investment process. These difficult days will hopefully let us plant the seeds of new investments at attractive prices for the next "harvest" in years hence.

The Fund's three largest contributors during the quarter were Ingram Micro (ticker: IM), Amdocs (ticker: DOX), and Pitney Bowes International Pfd. The three largest detractors for the quarter were Dundee Corp. (ticker: DC/A CN), Unit Corp. (ticker: UNT), and Corus Entertainment (ticker: CJR/B CN). The Fund's three largest contributors for the fiscal year ended September 30, 2015 were Western Union (ticker: WU), Amdocs, and Bio-Rad (ticker: BIO). The largest detractors for the fiscal year were Corus Entertainment, Dundee Corp., and Bill Barrett (ticker: BBG).

For the quarter ending September 30, 2015, the Intrepid Capital Fund (the "Fund") declined 8.36% compared to the BAML High Yield Master II Index and the S&P 500 Index, which declined 4.90% and 6.44%, respectively, for the period. For the Fund's fiscal year which also ended September 30, 2015, the Fund declined 7.17% versus the BAML High Yield Master II and S&P 500 Index declines of 3.57% and 0.61%, respectively. Certainly nothing to get excited about, but a performance we think we can recover from. My family and I are invested along with you in these portfolios. Our goal is to protect the downside, while participating in the upside, which we believe we have done since inception. Perhaps our top priority in this still-rich equity environment is trying to avoid the 40 – 50% drawdowns investors saw in equity indices and index-centric products in the last bear market. You probably are aware of the math; if you are down 50%, you must have a 100% return just to get back to even. This is something we want to avoid.

For the trailing 10-year period ended September 30, 2015, the Fund nominally outperformed the S&P 500 Index and the Russell 2000 Index with returns of 6.89%, 6.80% and 6.55%, respectively. Due to higher than normal levels of cash and addition of fixed income, we believe the Fund took significantly less risk than the equity indices over this period.

We are pleased to report that over the same 10-year period, the Intrepid Capital Fund (ICMBX) has outperformed 95% of the 481 funds in the Morningstar Moderate Allocation Peer Group, based on total returns. Morningstar ranked the Fund in the 95th, 93rd, 81st, and 5th percentile out of 929, 838, 722, and 481 Moderate Allocation funds for one-, three-, five-, and ten-year periods ending September 30, 2015, respectively.

The Intrepid Capital Fund (ICMBX) continues to have an overall 4-Star Morningstar Rating out of 838 Moderate Allocation funds for the period ending September 30, 2015 (derived from a weighted average of the fund's three-, five-, and ten-year risk adjusted return measure). Included in this weighted average rating is a 5-Star Morningstar Rating out of 481 Moderate Allocation funds, based on risk-adjusted returns, for one-, three-year period ending September 30, 2015. Thank you to our shareholders for making this all possible.

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

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. 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.

Basis Point is a unit that is equal to 1/100th of 1% and is used to denote the change in a financial instrument.

Morningstar Proprietary Ratings reflect risk-adjusted performance as of 9/30/15. 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 838 for the three-year, 2 stars among 722 for the five-year, and 5 stars among 481 Moderate Allocation Funds for the ten-year period ending 9/30/15. 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.

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