Intrepid Capital Funds
the constant pursuit of value

INTREPID SELECT FUND

4TH QUARTER 2015 COMMENTARY

4Q 2015

DECEMBER 31, 2015

PERFORMANCE

	Inception Date	Total Return Qtr.	YTD	1 Year	Total Returns as of December 31, 2015 3 Year	5 Year	Since Inception
Intrepid Select Fund - Inv.	7/31/15	0.53%	-	-	-	-	-7.82%
Russell 2000 Index		3.59%	-	-	-	-	-7.68%
S&P MidCap 400 Index		2.60%	-	-	-	-	-6.24%

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 2.36%. 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.

January 4, 2016

Dear Fellow Shareholders,

For the three months ending December 31, 2015, the Intrepid Select Fund (the "Fund") returned 0.53% compared to a 3.59% gain for the Russell 2000 and a 2.60% increase for the S&P MidCap 400 Index. Cash ended the quarter at 16% of Fund assets. This is temporarily above our target of 10% or less because of recent inflows.

The Select Fund's top three contributors in the fourth quarter were SanDisk (ticker: SNDK), Mattel (ticker: MAT), and Baldwin & Lyons (ticker: BWINB). SanDisk has benefitted from an announced buyout from Western Digital (ticker: WDC). From the perspective of the acquirer, this deal makes a lot of sense. Western Digital has more of a focus on hard disk drives (HDDs), which are older technology when compared to the solid state drives (SSDs) that are becoming more and more common. SanDisk is a leader in manufacturing flash chips, which are the building blocks for SSDs. Thus, by acquiring SanDisk, WDC is giving itself a way into a higher growth field, particularly in the Enterprise Storage market. Not only does it add the potential for more high growth products to WDC, but it also gives the company a manufacturing base for flash chips, since SanDisk is co-owner in a joint venture with Toshiba for several flash chip fabrication plants. Many flash storage makers rely on acquiring flash chips in the open market. SanDisk, however, has its own captive supply. The deal is a mostly cash and stock deal where SanDisk shareholders receive $85.10 in cash and 0.0176 shares of WDC per share of SNDK. That implies a value of $86.16 on a share of SNDK. However, SanDisk trades in the mid $70s. Why the disparity? It boils down to investor uncertainty that the deal will close. First, the deal is expected to close by September 30, 2016. In that time, WDC must secure $17 billion in loans. In addition, the terms as they exist now depend upon China's state-owned Tsinghua Unisplendour taking an equity stake in Western Digital. That deal, in which Unisplendour will buy 15% of WDC, needs to close before the SanDisk acquisition. If it does not, then the deal for SNDK would be $67.50 cash and 0.2387 per share, which translates into a value of about $82 per share of SNDK. Any regulatory snags are more likely to happen with Unisplendour's investment in Western Digital rather than WDC's acquisition of SanDisk.

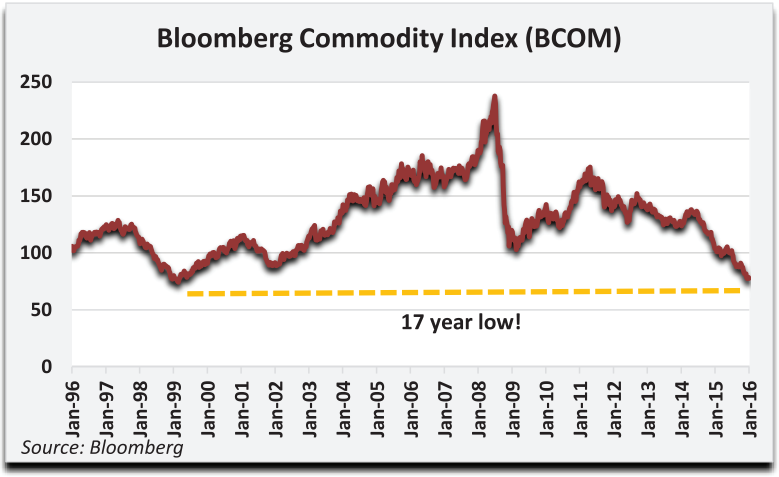
Mattel benefitted from a combination of two factors. First, the company has been beaten down over the past several years. Its flagship brand, Barbie, has been declared dead by many investors. The company has had major difficulty in clearing out inventory, and new shipments have been weak. The share price, which was once above $45 in 2013, fell below $25 in the spring of 2015, a five-year low. Second, there is a sense that management has finally corrected its inventory issues and has refreshed its product offering. Recent quarterly results point to a possible inflection point in shipments to retailers. This good news, in combination with a perceived low stock price, caused a bit of a boost to the stock in the quarter. In addition, management is adamant that they will protect their dividend, whose forward yield is above 5.5% as of the year-end price.

Top Ten Holdings	(% OF NET ASSETS)
Corus Entertainment, Inc. - Class B	10.0%
Tetra Tech, Inc.	6.2%
Leucadia National Corp.	4.8%
Baldwin & Lyons, Inc. - Class B	4.6%
Teradata Corp.	4.6%
Sandstorm Gold Ltd.	4.6%
Oaktree Capital Group LLC	4.4%
Ezcorp, Inc., 06/15/2019, 2.125%	4.2%
SanDisk Corp.	4.0%
Amdocs Ltd.	3.9%

Top ten holdings are as of December 31, 2015. Fund holdings are subject to change and are not recommendations to buy or sell any security.

Baldwin & Lyons provides insurance coverage for trucking companies. The firm enjoyed solid underwriting growth and profitability in the latest quarter. Baldwin has reduced earnings volatility by exiting the property catastrophe reinsurance market. The stock offers a 4%+ dividend yield and trades for about 0.9x book value.

The Fund's top detractors in the quarter were Dundee Corp. (ticker: DC/A CN), Corus Entertainment (ticker: CJR/B CN), and Leucadia (ticker: LUK). Dundee Corp.'s stock was drubbed in the second half of 2015. Dundee suffered through a perfect storm due to its Canadian domicile and commodity exposure. The Bloomberg Commodity Index is at its lowest level since 1999, reflecting bear markets in oil and gas, gold, agricultural products, and industrial metals. Dundee's largest publicly traded investments declined in price in 2015, and several of the firm's wholly owned subsidiaries delivered operating losses. Additionally, after Thanksgiving Dundee ran into friction regarding a proposed refinancing of one class of preference shares, which we effectively treat as debt. We think other investors may have been concerned that Dundee does not have sufficient liquidity to pay off the preference shares at their June 2016 maturity, in the event it cannot refinance them on suitable terms. We do not share these concerns, given the company's unrestricted cash holdings, credit facility, and material liquid investment portfolio. Lastly, going into year end, we believe Dundee's stock was impacted by tax loss selling, which could reverse in the New Year.



Past performance does not guarantee future results.

We expect Dundee's management to take steps in 2016 to reduce the cash burn of its subsidiaries, starting with its underperforming broker dealer. Additionally, Dundee's investment portfolio includes a few lottery tickets, including a privately held interest in TauRx, which is developing an Alzheimer's drug. Phase III clinical trials for TauRx's LMTX drug should be available next summer, and the company is planning a 2017 IPO. Dundee's ~5% stake in TauRx was carried at $68 million (CAD) as of September 30, 2015. A recent *Wall Street Journal* article suggested that a TauRx IPO could value the drug company at $15 billion (USD), presumably assuming the Phase III data is encouraging. We have no insight into the outcome here and we are not assuming any upside for TauRx, but at the rumored theoretical valuation Dundee's investment would grow in value by more than 10x.[1] As of December 31, 2015, Dundee was trading for 27% of its $1 billion book value. We have taken punitive haircuts to the carrying value of several of Dundee's anchor assets and still arrive at a book value materially above recent prices.

Leucadia has two challenges, and the company appeared to struggle with both during the quarter. Leucadia is the parent corporation for several companies. The two biggest challenges are National Beef, a market-leading beef processor and distributor, and Jefferies Group, an investment bank. In the case of National Beef, Leucadia has yet to show a turnaround in incredibly tight margins. The price of cattle, which is National Beef's input cost, is very high and has been for several years. High prices for raw materials squeeze margins, because there is a limit as to how much one can charge for processed beef. Prices have increased of course at the grocery store, but beef processors simply do not have the power to maintain their margins. Now, there could be some relief as the drought in the Western U.S. mitigates, which could lead to bigger cattle herds, but so far, we have not seen this occur. The second challenge is Jefferies, which suffered a significant blow to its fixed-income trading revenue, which was caused by "the prolonged anticipation of the lift-off in Federal Reserve rate-setting, the collapse in global energy markets where we have long been an active adviser, capital raiser and trader…" according to CEO Richard Handler. In addition, earlier this year Jefferies invested $300 million into Swiss currency trading firm FXCM. This two-year senior secured loan, which also gives Jefferies an option to buy shares of FXCM, is marked to market. Because of the optionality, the loan's value can fluctuate depending upon the price of shares of FXCM. In the most recent quarter, the loan was marked down $113 million. However, roughly $100 million in principal has already been paid back.

Corus is the Fund's largest position. Its stock dropped due to weak organic advertising revenues and concerns by some investors that Canada's new à la carte television rules will impair the company's business model. We expect advertising to heal in the next couple of quarters as Corus more effectively monetizes its solid ratings. We also do not expect a severe outcome when cable providers begin offering channels on an à la carte basis later this year. Corus's CEO has pledged that EBITDA will grow slightly in fiscal 2016. The dividend yield exceeds 10% and the stock is selling for less than 5x trailing free cash flow. There is no other television-based media stock on the continent that trades for anywhere near that multiple. For comparison, the median company in the Russell 2000 Index trades for 42x free cash flow.

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.

[1]Ngui, Yantoultra. "Singapore Developer of Alzheimer's Drug Plans U.S. IPO." *Wall Street Journal*. (December 31, 2015).

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. The Bloomberg Commodity Index (BCOM) is a broadly diversified commodity price index made up of 22 exchange-traded futures on physical commodities. The index currently represents 20 commodities, which are weighted to account for economic significance and market liquidity. 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. Free Cash Flow Yield equals normalized free cash flow divided by the company's market capitalization. It measures how well a company generates cash from its current operations. EBITDA is calculated as the company's Earnings Before Interest, Taxes, Depreciation and Amortization. Book Value equals total assets minus intangible assets and liabilities. It refers to the total amount a company would be worth if it liquidated its assets and paid back all of its liabilities.

As of 9/30/2015, CAD = USD 0.74510