Intrepid Capital Funds *the constant pursuit of value*

INTREPID INTERNATIONAL FUND

1ST QUARTER 2019 COMMENTARY

1Q 2019

MARCH 31, 2019

PERFORMANCE

	Inception Date	Total Return Qtr.	YTD	1 Year	Average Annualized Total Returns as of March 31, 2019 3 Year	5 Year	Since Inception
Intrepid International Fund - Inv.	12/30/14	7.01%	7.01%	-13.28%	2.31%	-	1.54%
MSCI EAFE Net Index		9.98%	9.98%	-3.71%	7.27%	-	4.09%
MSCI EAFE Hedged Index		11.26%	11.26%	5.25%	10.25%	-	6.77%

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 dated January 28, 2019, the annual operating expense (gross) for the Intrepid International Fund-Investor Share Class is 1.74%. The Fund's Advisor has contractually agreed to waive a portion of its fees and/or reimburse expenses until January 31, 2020 such that Net Expense Ratio for the International Fund-Investor Share Class is 1.40%. The Net Expense Ratio represents the percentage paid by investors. Otherwise, performance shown would have been lower.

April 8, 2019

Dear Fellow Shareholders,

After a difficult fourth quarter, markets rebounded in the first quarter of 2019. The MSCI EAFE Index (the "Index") increased 9.98% during the quarter. The Intrepid International Fund (the "Fund") did not quite keep up, climbing only 7.01%. Despite the short-term underperformance, we are encouraged by the improved fundamentals of most stocks held in the Fund. While it's impossible to ever *know* why markets do what they do, we speculate the dovish position of central banks around the world contributed to the rebound. It appears there is zero acceptance for market volatility – at the first whiff of trouble central banks step in. We do not believe this is a solid approach as it can result in *more* instability. Nicholas Taleb devoted most of his book "Antifragile" to this mistake in judgment. In it, he compares the destruction caused by the inability to stomach small variations to "systematically preventing forest fires":

Variations also act as purges. Small forest fires periodically cleanse the system of the most flammable material, so this does not have the opportunity to accumulate. Systematically preventing forest fires from taking place "to be safe" makes the big one much worse. For similar reasons, stability is not good for the economy: firms become very weak during long periods of steady prosperity devoid of setbacks, and hidden vulnerabilities accumulate silently under the surface—so delaying crises is not a very good idea. Likewise, ***absence of fluctuations in the market causes hidden risks to accumulate with impunity. The longer one goes without a market trauma, the worse the damage when commotion does occur.***

To be clear, we do not know what will happen in the future; however, cycles do exist, and we do not see this phenomenon ceasing. As investors, we attempt to make prudent choices based on the risks we see in the market. And despite some large macro risks, we believe there are still some attractively priced securities to invest in. We are happy with the positioning of the Fund regardless of what the global economy has in store for us.

During the first quarter, the three largest contributors were Noranda Income Fund (ticker: NIF-U CN), Coventry Group (ticker: CYG AU), and Stallergenes Greer (ticker: STAGR FP). There were only a few detractors, including

Net 1 UEPS (ticker: UEPS), Hornbach Baumarkt (ticker: HBM GR), and Quarto Group (ticker: QRT LN).

Top Ten Holdings	(% OF NET ASSETS)
Clere AG	7.0%
Coventry Group Ltd.	6.8%
Berentzen-Gruppe AG	6.1%
Gattaca PLC	4.9%
Italian Wine Brands Spa	4.8%
Noranda Income Fund	4.7%
GEA	4.7%
Quarto Group, Inc	3.8%
Hornbach Baumarkt AG	3.7%
Stallergenes Greer PLC	3.6%

Top ten holdings are as of March 31, 2019. Fund holdings are subject to change and are not recommendations to buy or sell any security.

Noranda Income Fund is a long-term holding that we have discussed in previous commentaries. The company is a Canadian zinc smelter whose stock price historically traded below its working capital per share. Coming back to the theme of cycles, the zinc smelting market had been at a cyclical low. Despite this, the company was still generating cash. While we typically do not purchase cyclical companies, the value on the balance sheet was enough for us to have confidence to hold the stock through a cyclical low. The zinc smelting market began to rebound in 2018 and into 2019. When the company renegotiated its annual contract to smelt zinc for Glencore in February, the terms were much more advantageous for the company and its stock price responded in kind. We have been taking advantage of the strength of the stock price (up 75% in local currency terms in the first quarter) to reduce our position.

Noranda is a good example of our discipline of remaining patient paying off. We have owned the stock for a long time, and it appeared as if the stock would never go up. We were confident that the value was there, but that it would take time for it to be realized. We think many market participants had simply given up. While this has been a long-term holding for us, and frustrating at times, we were happy to see the market finally unlock its true worth. The stock is now 137% off its 52-week low. We have several more ideas in the portfolio that have been flat to down for a long time, but we believe in the end the value will be realized.

Coventry Group is discussed frequently in commentaries due to its large position size causing it to be either a contributor or detractor each quarter. This quarter, it was a contributor. The company has been on an acquiring spree. Normally, we are not fans of this type of management behavior, but due to the company's large tax loss carryforwards, as well as the types of businesses they are acquiring, we think it is a sound strategy. The fundamentals continue to improve for its core business, and we look forward to owning this position for a long time to come.

Stallergenes Greer is a company in the allergen immunotherapy industry. The company produces solutions for people suffering from allergic reactions to common allergens such as dust mites. In America, this is typically deployed by giving patients a shot containing a cocktail of allergens they are allergic to. The fundamentals have been improving and the majority holder of the company, Ares Life Sciences, offered to buy out the minority shareholders at a 43% premium. While we see the deal as likely to happen, we do not believe there is a high probability of a better deal for shareholders. The shares traded up to close to the buyout price, and we took advantage of this to completely exit the position after the end of the quarter.

On the last day of January, we were caught by surprise when Net 1 UEPS Technologies Inc. ("UEPS") issued a brief press release. According to the release, the High Court of the Republic of South Africa had reversed a portion of a November decision that now made it unlikely a large number of EPE accountholders would continue to get paid social grants. This November court decision was one of the key reasons we were still bullish on the stock in our last commentary. Additionally, the company announced it expected significant losses for the quarter and would try and get back to break-even status by the end of June. We still believe UEPS has substantial value in its investments outside of South Africa and could take steps to realize that value. The stock currently trades at a substantial discount to the market value of these investments.

Hornbach Baumarkt is a German DIY retailer. The company's revenue has been consistently increasing; however, the bottom line has gone in the opposite direction. The reason is due to higher purchasing costs, as well as costs associated with growing their digital offering. With the former, we expect the cost pressures to abate as they are affecting the entire industry. With regards to the large investment in digital, while it has hurt earnings it has positioned Hornbach as the number one online DIY retailer in Germany. We believe this is a sound strategy, but it may take years for it to pay off.

Quarto Group is a long-time holding of the Fund. Over the last year the company's earnings and cash flow have improved; however, there is still concern over the amount of debt the company carries on its balance sheet. We believe the company is taking the right steps and has the right person in charge with CK Lau leading the company.

Cash and cash equivalents increased from about 12% at the end of the calendar year to 18% by the end of the first quarter. Despite selling down many of our positions, we still believe there are attractive securities in the portfolio that we look forward to owning over the coming years. We continue to search for attractive investments to take the place of those that we have exited.

Thank you for your investment.

Sincerely,

Ben Franklin, CFA
Intrepid International 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 may invest in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. The risks of owning ETFs generally reflect the risks of owning the underlying securities they are designed to track. ETFs also have management fees that increase their costs versus the costs of owning the underlying securities directly.

The MSCI EAFE Net Index is recognized as the pre-eminent benchmark in the United States to measure international equity performance. The MSCI EAFE Hedged Index represents a close estimation of the performance that can be achieved by hedging the currency exposures of its parent index, the MSCI EAFE Index, to the USD, the "home" currency for the hedged index. The index is 100% hedged to the USD by selling each foreign currency forward at the one-month Forward weight. The S&P 500 Index is a broad based, unmanaged index of 500 stocks, which is widely recognized as representative of the U.S. equity market in general. You cannot invest directly in an index.

Yield is the income return on an investment. It refers to the interest or dividends received from a security and is usually expressed annually as a percentage based on the investment's cost, its current market value or its face value. 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. EBIT refers to Earnings before Interest and Taxes. Basis Points (bps) is a unit that is equal to 1/100th of 1% and is used to denote the change in a financial instrument. Tax Loss Carryfoward is an accounting technique that applies the current year's net operating losses to future years' profits in order to reduce tax liability.

As of 3/31/19, 1 USD = 0.89039 EUR (€), 1.33432 CAD (C$), 1.40910 AUD (A$)

Opinions expressed are subject to change, are not guaranteed and should not be considered investment advice or recommendations to buy or sell any security.

Diversification does not guarantee a profit or protect from loss in a declining market.

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