INTREPID CAPITAL FUNDS

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2Q 2022

2ND QUARTER 2022 COMMENTARY

JUNE 30, 2022

PERFORMANCE

	Inception Date	Qtr.	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
		Total Return			Average Annualized Total Returns June 30, 2022			
Intrepid Capital Fund - Inv.	1/03/05	-10.44%	-14.14%	-13.43%	2.28%	0.43%	3.77%	4.96%
Intrepid Capital Fund - Inst.	4/30/10	-10.42%	-14.05%	-13.19%	2.53%	0.68%	4.02%	4.39%
BBC Combined 1-5Yr		-10.27%	-13.93%	-8.17%	6.72%	7.47%	8.35%	6.59% ^
S&P 500 Index		-16.10%	-19.96%	-10.62%	10.60%	11.31%	12.96%	8.95% ^

^ 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 BBC Combined 1-5Yr Index is 8.08% and S&P 500 Index is 12.21%.

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 31, 2022, the annual operating expense (gross) for the Intrepid Capital Fund-Investor Share Class is 1.82% and for the Intrepid Capital Fund-Institutional Share Class is 1.57%. The Fund's Advisor has contractually agreed to reduce its fees and/or reimburse expenses until January 31, 2023, such that the total operating expense for the Capital Fund-Investor Share Class is 1.15% and for the Capital Fund-Institutional Share Class is 1.15%. The Capital Fund may have Net Expense higher than these expense caps as a result of any sales, distribution and other fees incurred under a plan adopted pursuant to Rule 12b-1 under the Investment Company Act of 1940, as amended (the "Investment Company Act"), acquired fund fees and expenses or other expenses (such as taxes, interest, brokerage commissions and extraordinary items) that are excluded from the calculation. As a result of the calculations, the Net Expense for the Capital Fund-Investor Share Class is 1.40%. The Net Expense for the Capital Fund-Institutional Share Class is 1.15%. The Net Expense Ratio represents the percentage paid by investors. Otherwise, performance shown would have been lower.

July 1, 2022

"The Difficulties and struggles of today are but the price we must pay for the accomplishments and victories of tomorrow."

— William J. H. Boetcker

Dear Fellow Shareholders,

This month marks my 38th anniversary in the investment management industry, and to quote the former lead singer of the Grateful Dead: "my what a long strange trip it has been." I have had a front row seat for the '87 crash and the failures of Drexel Burnham, Bear Stearns, and Lehman Brothers. In addition, I witnessed the "technology bubble" and subsequent bust circa 1998-2002, then the real estate bubble preceding the Great Financial Crisis (2006 – 2009), and survived the covid-19 pandemic "crash" in March of 2020.

What I have witnessed in the first six months of 2022 has been much more of a grinding affair with countless down days and weeks, not only with the equity markets but (unlike many of the prior examples) also the bond markets that have shared much of the pain. Both investment grade as well as high yield indices are showing negative 12% to 14% returns for the first six months of calendar 2022.

Frankly, the bond market is what got this party going to begin with as market participants came to the realization that the Federal Reserve Chairman's use of the term "transitory" in regard to inflation was mistaken. The monthly CPI numbers went from "hot" in May of 2021 to "boiling" north of 8% by March of 2022.

To give you an idea of the magnitude of the change in Treasury rates, the 2 year note yield started 2022 at 0.73% and ended June 30th at 2.95%. The 10 Year Treasury yield started the year at 1.51% and finished June 30th at 3.01%.

In the run up to the problems we are now experiencing, I often remarked (with Treasury rates at 1%) that what was on offer was "return-free risk." Even now, after the carnage, many broad bond indices display duration (measure of interest rate sensitivity) that is twice the coupon being offered. At Intrepid Capital, we are seeking a coupon that is twice the bond's duration.

Top Ten Holdings	(% OF NET ASSETS)
Verano Holdings, 05/20/2023, 9.750%	4.5%
FRP Holdings Inc.	4.0%
Alphabet Inc - Class A	3.6%
WNS Holdings Ltd.	3.5%
Civitas Resources, Inc.	3.5%
Dollar General Corp.	3.4%
Dropbox Inc. - Class A	3.3%
Becle SAB de CV	3.0%
Skechers USA Inc. - Class A	2.9%
Berkshire Hathaway - Class B	2.8%

Top ten holdings are as of June 30, 2022. Fund holdings are subject to change and are not recommendations to buy or sell any security.

Speaking of duration, this gives a bond investor a rough idea as to how much interest rate risk they are exposing themselves to. Much of what I have observed in the capital markets so far this year is the effect that a higher discount rate (10 Year Treasury) has on what I call "long duration assets." The most extreme example would be a 30 Year zero coupon bond, where your payoff is one day thirty years hence. One of the easier ways (I think) of considering the effect of the discount rate moving up (10 Year treasury from 1.51% to 3.01% this year) is to envision a see-saw on a kid's playground. Move one side up (in this case, risk-free interest rates) and move the other side down proportionately (in this case, stock and bond prices).

So far this year almost every financial asset is worth less due to higher rates.

So what have I learned in that 38 years? Well, a couple things come to mind:

1) Many investors buy high/sell low, unfortunately. The volatility of the equity market is more than they can stomach. Please try to resist this temptation.
2) They trade too often. Now with "commission-free" mobile trading apps, it is easy to move when one should be sitting still.
3) For money committed to the equity market, one needs to prepare for the inevitable drawdown in share prices of 30-50% (we have observed these in the last 12 months) and should really have at least a 5-year investment horizon (the longer the better).
4) Have a disciplined plan that you execute. At Intrepid, we like to use three "buckets": one each for liquidity, longevity, and legacy.

Please keep in mind that the equity markets are a discounting mechanism that is always looking off into the future, trying to anticipate events six months or more away. Today's prices reflect what market participants anticipate about sales, margins, cash flows, and net income. In the bond market , with the substantial upward movement in interest rates and credit spreads, prospective investment returns are substantially more attractive than six months ago

This is a long-winded way of saying I think when we look back 12-24 months from now that returns will more closely resemble long-term results for a portfolio consisting of stocks, bonds, and cash. The first six months of 2022 have certainly been challenging for participants in the financial markets. What I have learned in 38 years is that patience is required and that this too shall pass.

Thank you for your continued support. If there is anything we can do to serve you better, please give us a call.

Top Contributors (Calendar Q1 2022)
Twitter (TWTR)
Dollar General (DG)
FRP Holdings (FRPH)
Atento 8% 2/10/26

Top Detractors (Calendar Q1 2022)
Trulieve (TRUL CN)
Match Group (MTCH)
Earthstone Energy (ESTE)
Interactive Corp (IAC)

Best regards,

Mark F. Travis, President
Intrepid Capital Fund Portfolio Manager

Mutual Fund investing involves risk.

All investments involve 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. 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 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 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 Bloomberg US Gov/Credit 1-5Y TR Index measures the performance of U.S. dollar-denominated U.S. Treasury bonds, government-related bonds, and investment-grade U.S. corporate bonds that have a remaining maturity of greater than or equal to one year and less than five years. The Bloomberg (BBC) Combined Index consists of an unmanaged portfolio of 60% common stocks represented by the S&P 500 Index and 40% bonds represented by the Bloomberg US Government/Credit 1-5 Yr Index. You cannot invest directly in an index.

Cash flow refers to the net amount of cash and cash equivalents being transferred in and out of a company.

Duration is an approximate measure of the price sensitivity of a fixed-income investment to a change in interest rates, expressed as a number of years.

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

The Intrepid Capital Funds are distributed by Quasar Distributors, LLC.