INTREPID CAPITAL FUNDS

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1ST QUARTER 2023 COMMENTARY

1Q 2023

MARCH 31, 2023

PERFORMANCE

		Total Return			Average Annualized Total Returns March 31, 2023			
	Inception Date	Qtr.	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Intrepid Capital Fund - Inv.	1/03/05	3.82%	3.82%	-5.17%	11.89%	1.37%	3.18%	5.08%
Intrepid Capital Fund - Inst.	4/30/10	3.84%	3.84%	-5.00%	12.16%	1.61%	3.43%	4.60%
BBC Combined 1-5Yr		5.22%	5.22%	-4.38%	10.86%	7.55%	7.94%	6.68% ^
S&P 500 Index		7.50%	7.50%	-7.73%	18.60%	11.19%	12.24%	9.14% ^

^ 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 8.16% and S&P 500 Index is 10.87%.

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, 2023, the annual operating expense (gross) for the Intrepid Capital Fund-Investor Share Class is 1.92% and for the Intrepid Capital Fund-Institutional Share Class is 1.67%. The Fund's Advisor has contractually agreed to reduce its fees and/or reimburse expenses until January 31, 2024, such that the total operating expense for the Capital Fund-Investor Share Class is 1.40% 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.

April 1, 2023

"Blessings we enjoy daily; and for the most of them, because they be so common, most men forget to pay their praise."

— Izaak Walton

Dear Fellow Shareholders,

The author of the quote above, from the book "The Complete Angler," wasn't thinking about his blessings in the financial markets. Instead, he wrote those words about fishing. I too have reacquainted myself with a love of fishing from my youth. I find the distraction and focus required to be successful at fishing useful after a day staring into the flashing red and green symbols on my Bloomberg screen!

The Intrepid Capital Fund successfully completed the first six month's of the funds fiscal year ending March 31, 2023. For the first quarter of this calendar year, the Fund appreciated 3.81% which, when compounded on the 3.28% return in the fourth quarter of 2022, resulted in a non-annualized 7.23% total return over the six months since September 30, 2022. Included in these results was a dividend paid on March 31, 2023, of 22.59 cents per share.

We are now living through the experiment from several years ago that some describe as "modern monetary theory" which brought us, at one point, 18 trillion (with a T!) of negative yielding debt. Only a room full of PhD's could come up with something like that. I mean really – am I going to deposit my monies in a bank account and "earn" negative interest rates so I will be worse off when I come back for my funds!? At one point, retailers in Germany couldn't keep safes in stock as locals preferred a safe over their local bank! The Federal Reserve, staffed with 400 PhD's, has now realized the error of their ways and raised the Fed Funds rate from close to zero in March of 2022 to roughly 5% now. That has now acquainted the public with a term I have used frequently in the past: duration (as a measure of interest rate risk). As well as the term "uninsured" depositors.

Top Ten Holdings	(% OF NET ASSETS)
Verano Holdings, 10/30/2026, 14.25%	4.6%
Becle SAB de CV	4.5%
Civitas Resources, Inc.	4.2%
FRP Holdings Inc.	4.0%
Alphabet Inc - Class A	3.7%
Berkshire Hathaway - Class B	3.4%
The TJX Companies, Inc.	3.2%
Copart, Inc. (CPRT)	3.1%
Jefferies Financial Group, Inc. (JEF)	3.1%
WNS Holdings Ltd.	3.1%

Top ten holdings are as of March 31, 2023. Fund holdings are subject to change and are not recommendations to buy or sell any security.

March of 2023 brought us the largest bank failure since the Great Financial Crisis of 2008 when depositors at Silicon Valley Bank requested $147 billion be paid back to them in two days. Regulators quickly moved to close the bank. While the bank had the highest credit quality assets in US Treasury bonds, they had significant unhedged duration risk coupled with close to 80% of deposits over the $250,000 FDIC limits.

To give you a specific example applicable to Silicon Valley Bank, if you bought a 10 years to maturity Treasury bond at a 2% yield at par (100) and due to inflationary pressures and Federal Reserve activity the current rate was now 4%, the bond you bought at par when rates were 2% is now worth 83 cents on the dollar. I am amazed that bank regulators didn't insist that management hedge that duration risk. Well, the rest is history.

The Intrepid Capital Fund hasn't been a bank investor since inception for the simple reason it is very hard to understand the various assets a bank holds. We know the liabilities are the deposits, which as we have seen in the example above can quickly flee. There isn't a bank out there that could survive a "run" on their deposits. A good example of a bank run is from one of my favorite movies "It's a Wonderful Life" where Jimmy Stewart pleads with his neighbors to keep their money in his savings and loan – arguing that Joe's deposits are in Carl's house, etc.

My preference is for less exciting investments in the equity markets. I am attracted to founder/managers that often have a significant ownership interest. I have observed that this type of owner/operator often runs a company void of liabilities on the balance sheet and to quote the famous race car driver Mario Andretti "to finish first, you must first finish." These balance sheets are built to finish.

Two recent acquisitions fit this bill to a "T." Garmin (GRMN) dominates the marine/avionic/fitness categories for navigation. The families that founded the firm have a combined equity stake of roughly 20%, and the company has a billion (with a B!) in cash on the balance sheet. Watsco (WSO) is run by the father/son team of Albert and AJ Nahmad. This company is the leading HVAC distributor in the country with a large portion of their revenues coming from replacement equipment. Anyone close to the beach in Florida knows that the replacement cycle can be short!

I believe we are closer to the end than the beginning of the Federal Reserves rate hikes, but that doesn't mean we won't have price volatility around announcements of Consumer Price Index (CPI) statistics or future Fed policy. I will continue to seek investments like the two mentioned above when volatility spikes.

Thank you for your continued support. If there is anything we can do to serve you better, please don't hesitate to call.

All the best,

Mark F. Travis, President
Intrepid Capital Fund Portfolio Manager

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.

The Consumer Price Index (CPI) measures the monthly change in prices paid by U.S. consumers.

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.

Basis point is a standard financial measure for interest rates. One basis point equals 1/100th of 1%.

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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