INTREPID CAPITAL FUNDS

INTREPID INCOME FUND

3RD QUARTER 2024 COMMENTARY

3Q 2024

SEPTEMBER 30, 2024

PERFORMANCE

		Total Return			Average Annualized Total Returns as of September 30, 2024			
	Inception Date	Qtr.	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Intrepid Income Fund - Inst. ^	8/16/10	3.80%	8.63%	13.35%	5.74%	7.11%	4.71%	4.65%
Bloomberg USGov/Cred 1-5Y		3.50%	4.50%	8.10%	0.94%	1.54%	1.77%	2.51%
Bloomberg US Agg Bond Index		5.20%	4.45%	11.57%	-1.39%	0.33%	1.84%	3.22%
ICE BoA US Corporate Index		5.75%	5.77%	14.14%	-0.97%	1.29%	2.96%	4.39%
ICE BoA US High Yield Index		5.31%	8.05%	15.68%	3.08%	4.54%	4.95%	6.33%

^ Institutional Class shares of the Intrepid Income Fund commenced operations on August 16, 2010. Performance shown prior to August 16, 2010 (Since Inception) reflects the performance of Investor Class shares, which commenced operations on July 2, 2007, and includes expenses that are not applicable to and are higher than those of Institutional Class shares.

Effective January 31, 2014, the Investor Class shares of the Fund were closed, and any outstanding Investor Class shares were converted into Institutional Class shares.

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, 2024, the annual operating expense (gross) for the Intrepid Income Fund-Institutional Share Class is 1.04%. The Fund's Advisor has contractually agreed to reduce its fees and/or reimburse expenses until January 31, 2025 such that total operating expense (net) for the Income Fund-Institutional Share Class is 1.01%. The Income Fund may have Net Expense higher than the expense cap 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 Income Fund-Institutional Class is 1.01%. The Net Expense Ratio represents the percentage paid by investors. Otherwise, performance shown would have been lower.

30-Day Subsidized SEC Yield: 7.47%; 30-Day Unsubsidized SEC Yield: 7.43%

October 10, 2024

Dear Fellow Shareholders,

The Federal Reserve finally kicked off the long-anticipated easing cycle with a 50-basis point rate cut in September. While later than many hoped, credit markets cheered the news. High yield credit spreads tightened and ended the quarter at a multi-year low. The new issue market ramped up considerably, with September high yield bond issuance ($37B) reaching the highest monthly level since 2021.

This backdrop fueled exceptional performance for bonds during the third calendar quarter of 2024. The Bloomberg US Aggregate Index returned 5.20%, while the ICE BoA High Yield Index returned 5.31%. The Intrepid Income Fund's ("the Fund") benchmark Bloomberg US Gov/Credit 1-5 Year Index returned 3.50%.

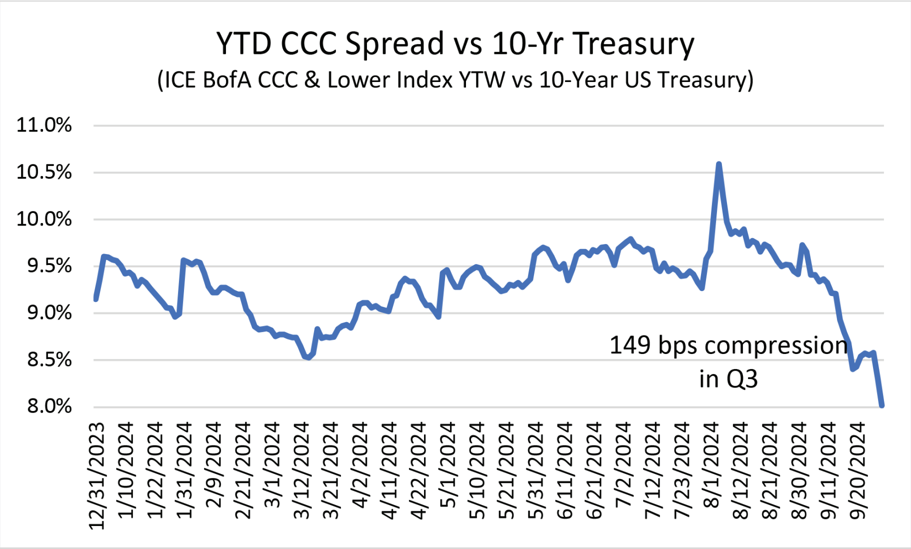
The Intrepid Income Fund returned 3.80% during calendar Q3, which bested its benchmark but trailed the performance of the US Aggregate and High Yield indexes mentioned earlier. Our return represents an upside capture of approximately 70% of these broader indices. We view this as acceptable relative performance given the context of market movements in both rates and spreads during the quarter.

Top Ten Holdings	(% OF NET ASSETS)
Diversified Healthcare Trust	3.9%
Turning Point Brands, Inc.	3.7%
Skillz Inc.	3.0%
KeHE Distributors LLC	3.0%
PRA Group Inc.	2.8%
Vector Group Ltd.	2.8%
Angi, Inc.	2.8%
Walgreens Boots Alliance, Inc.	2.7%
Brinker International, Inc.	2.7%
Rithm Capital Corp.	2.7%

Top ten holdings are as of September 30, 2024. Fund holdings are subject to change and are not recommendations to buy or sell any security.

First, on rates. As we have written in prior commentaries, it's reasonable to expect the Fund to underperform broader indices during periods of sharply falling rates, due to our bias toward shorter duration credits. This is exactly what happened during Q3, as the 10-year treasury rate fell by 61 basis points.

To a lesser extent, this is also true with credit risk. Historically, the Fund's relative performance has been stronger during risk-off periods featuring widening credit spreads, due to our careful underwriting and avoidance of excessive credit risk. Conversely, relative performance can lag during periods when lower quality credit rallies sharply. The lowest rated credits contributed significantly to the high yield index in Q3, with the ICE BofA CCC & Lower Index gaining 11.61% in the third quarter alone.



Rather than reach for duration in anticipation of a further rally, we remain focused on finding small issue credits that remain the core focus for the Fund. This discipline comes with the side effect of temporary underperformance when the credit market jolts higher (i.e. Q3), but we expect it to deliver favorable performance with less rate volatility over longer periods of time.

Positioning

The Fund ended the quarter with a yield-to-worst of 8.3%. The step down in yield from the 9.5% level as of 6/30 was mostly due to the change in rates during the quarter, as the Fund's spread vs the High Yield Index is similar to that of the past several quarters. However, there was also an impact from a resurgence in the new issue market.

With the credit markets wide open, many companies are choosing to refinance their debt now rather than risk facing a tougher market when their debt ultimately comes due. This is especially true for companies with riskier business models who can't afford to be picky when timing a refinancing. Not surprisingly, a handful of the Fund's higher yielding positions chose to refinance their bonds during the quarter. This included a few bonds that were refinanced on the last day of the quarter, creating a timing issue that was a partial drag on quarter-end yield.

The drag on yield that can result from a healthy new issue market should be balanced against the favorable impact it can have on performance. For instance, note that the 8.3% yield metric is a yield-to-worst, which usually means the yield that would be earned if the bond was held to maturity, and the issuer does not default. During periods when many issues are being called early, however, it understates the yield that could actually be earned, as many companies pay a premium to repay bonds early. The Fund holds a number of positions that are candidates to be called in Q4, and whose yield-to-call is meaningfully higher than the yield-to-worst. When adjusting for the positions we expect to be called within the next year, we estimate the yield of portfolio to be slightly over 10%.

The Fund's effective duration was 2.3 years at quarter-end. Like the yield, the Fund's duration was also impacted from a robust new issue market in which a number of shorter-dated holdings were called during the quarter.

We are often asked how our shorter duration portfolio will fare as the Fed embarks on a rate cutting cycle. Can relative performance keep pace? To that end, we would point to the fact that credit markets have already priced in a substantial amount of cuts. At quarter end, Fed Fund futures forecast a rate of ~3% by the end of 2025, implying an additional 8 cuts. If the extent of cuts significantly exceeds this, then it's reasonable to expect this will be a headwind to the Fund's relative performance. However, we would argue the conditions that would justify such a sharp decline in rates would likely portend a significant slowdown in the economy and therefore an increase in credit spreads. We believe this would be a counterbalance to any duration headwind, due to the Fund's historical outperformance during periods of rising credit spreads. On the other hand, if conditions remain strong enough to justify the current level of credit spreads, we question whether the market's expectations for cuts might be a tad too optimistic.

Closing

Fortunately, our investment process does not require that we predict the path of rates. Instead, we limit this risk through a shorter duration positioning and focus on identifying small issue credits we can confidently underwrite and that we believe are more likely to be structurally mispriced. Over time, we hope to deliver an attractive absolute performance with less rate volatility.

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

Sincerely,

Hunter Hayes
Intrepid Income Fund Co-Portfolio Manager

Mark F. Travis, President
Intrepid Income Fund Co-Portfolio Manager

Matt Parker, CFA, CPA
Intrepid Endurance Fund Co-Portfolio Manager

Joe Van Cavage, CFA
Intrepid Endurance Fund Co-Portfolio Manager

Past performance is not a guarantee of future results.

Mutual Fund investing involves risk. Principal loss is possible. Investments in debt securities typically decrease in value when interest rates rise. The risk is generally 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.

This material must be preceded or accompanied by a prospectus. The Funds' investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus contains this and other important information about the investment company. Please read it carefully before investing. A hard copy of the prospectus can be requested by calling 866-996-FUND (3863).

The ICE BoA US High Yield Index tracks the performance of US dollar denominated below investment grade corporate debt publicly issued in the US domestic market. Qualifying securities must have a below investment grade rating (based on an average of Moody's, S&P and Fitch), at least 18 months to final maturity at the time of issuance, at least one year remaining term to final maturity as of the rebalancing date, a fixed coupon schedule and a minimum amount outstanding of $250 million. Bloomberg U.S. Aggregate Bond Index is an index representing about 8,200 fixed income securities. To be included in the index, bonds must be rated investment grade by Moody's and S&P. ICE BoA US Corporate Index is an unmanaged index of U.S. dollar denominated investment grade corporate debt securities publicly issued in the U.S. domestic market with at least one-year remaining term to final maturity. 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 ICE BoA CCC & Lower Index tracks the performance of US dollar denominated below investment grade corporate debt publicly issued in the US domestic market. Qualifying securities must have a rating of CCC or lower (based on an average of Moody's, S&P and Fitch).

The 30-day SEC yield calculation is an annualized measure of the respective fund's dividend and interest payments for the last 30 days, less the respective fund expenses. The 30-day subsidized SEC yield reflects fee waivers and/or expense reimbursements during the period. The 30-Day unsubsidized SEC yield reflects what a fund's 30-Day SEC yield would have been had no fee waivers or expense reimbursement been in place over the period.

Bond ratings are grades given to bonds that indicate their credit quality as determined by private independent rating services such as Standard & Poor's, Moody's and Fitch. These firms evaluate a bond issuer's financial strength, or its ability to pay a bond's principal and interest in a timely fashion. Ratings are expressed as letters ranging from 'AAA', which is the highest grade, to 'D', which is the lowest grade. In limited situations when the rating agency has not issued a formal rating, the rating agency will classify the security as nonrated.

A high-yield bond is a high paying bond with lower credit rating than investment-grade corporate bonds, Treasury bonds and municipal bonds. Bonds in high yield indices tend to be less liquid and more volatile than U.S. Treasuries. Corporate bonds come with significant credit risks and, although sometimes secured by collateral, do not have any guarantee of principal repayment. U.S. Treasury Bonds are long-term government debt securities with a maturity of more than 10 years. They are guaranteed as to the timely payment of principal and interest and are backed by the full faith and credit of the U.S. Government. Investment Grade (IG) is a bond with credit rating of BBB or higher by Standard & Poor's or Baa3 or higher by Moody's.

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. Call is an option contract that gives the holder the right to buy a certain quantity of an underlying security from the writer of the option, at a specified price up to a specified date.

Yield-to-worst (YTM) is a measure of the lowest possible yield that can be received on a bond that fully operates within the terms of its contract without defaulting. It is a type of yield that is referenced when a bond has provisions that would allow the issuer to close it out before it matures.

Yield-to-call (YTC) is the return a bondholder will be paid if the bond is held until the call date, which will occur sometime before the bond reaches maturity.

Free cash flow, or cash flow, represents the cash a company generates after accounting for cash outflows to support operations and maintain its capital assets.

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

Current yield is the annual income (interest or dividends) divided by the current price of the security.

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.