INTREPID CAPITAL FUNDS

INTREPID INCOME FUND

2ND QUARTER 2026 COMMENTARY

2Q 2026

JUNE 30, 2026

PERFORMANCE

	Inception Date	Total Return Qtr.	Total Return YTD	Total Return 1 Year	Average Annualized Total Returns as of June 30, 2026 3 Year	5 Year	10 Year	Since Inception
Intrepid Income Fund - Inst. ^	8/16/10	2.37%	2.39%	6.92%	9.28%	6.19%	5.81%	4.86%
Bloomberg USGov/Cred 1-5Y		0.38%	0.52%	3.00%	4.68%	1.73%	1.96%	2.58%
Bloomberg US Agg Bond Index		0.67%	0.62%	3.79%	4.16%	0.08%	1.54%	3.17%
Bloomberg US Corp Bond Index		1.40%	0.86%	4.34%	5.28%	0.34%	2.59%	4.27%
Bloomberg US Corp HY Bond Index		2.47%	1.96%	5.91%	8.86%	4.17%	5.81%	6.43%

^ 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.

Per the Prospectus dated February 3, 2026, the annual operating expense (gross) for the Intrepid Income Fund-Institutional Share Class is 1.01% (gross).

30-Day Subsidized SEC Yield: 6.62%; 30-Day Unsubsidized SEC Yield: 6.60%

July 31, 2026

"It was the best of times, it was the worst of times."

— Charles Dickens, *A Tale of Two Cities*

Dear Fellow Shareholders,

Is the high yield credit market historically expensive? Or is it fundamentally in the best shape of its existence? We believe the answer to both questions is "yes."

The second quarter offered a tale of two markets. One was characterized by resilient corporate fundamentals, very little distress, an orderly extension of near-dated maturities, and attractive all-in yields with improving lender protections. The other featured historically tight credit spreads, elevated risk-asset valuations on the equity side, and plenty of unnerving headlines about the state of the consumer, our ballooning national debt, and broader geopolitics.

We continue to believe there are attractive opportunities to deploy capital into the liquid, sub-investment-grade universe, but we remain on high alert given pricing and macroeconomic constraints. We believe our short duration positioning will allow us to take advantage of dislocations as they arise, but we also feel like this is among the most attractive high yield markets that we have seen.

The Best of Times

As Barclays wrote in a recent piece[1] on the strength of U.S. high yield, "the index is near its highest quality on record, with 55% of par rated BB." They went on to assert, "expected credit losses still remain near record

[1] Quality Qualifiers published 24 July 2026 by Barclays FICC Research

lows based on the quality and security composition of the high yield index today." Across the board, we agree with Barclays and contend that fundamental measures of credit health like leverage multiples, interest coverage, and debt-to-enterprise-value look incredibly robust.

Top Ten Holdings	(% OF NET ASSETS)
The Realreal, Inc.	3.5%
Cinemark USA Inc.	2.9%
Twilio Inc.	2.8%
Angi Group LLC	2.6%
PHH Escrow Issuer LLC	2.6%
Diversified Healthcare Trust	2.5%
Beach Acquisition Bidco (Skechers)	2.4%
United Natural Foods Inc.	2.3%
Kehe Distributors LLC	2.3%
Icahn Enterprises LP	2.3%

Top ten holdings are as of June 30, 2026. Fund holdings are subject to change and are not recommendations to buy or sell any security.

Nonetheless, the option-adjusted spread (OAS) for the Bloomberg U.S. Corporate High Yield Index (the "High Yield Index") ended the 2nd quarter at 270 bps, close to its lowest on record, which equates to a yield-to-worst of 7.16%. We believe that with some of the convexity built into the index, which had an average-weighted dollar price of $97.11 at quarter-end, the forward total returns could be more like 8-9% as companies look to retire debt before maturity.

Considering the High Yield Index also has an effective duration of 2.92 years, close to its lowest on record, this is also a corner of credit that is less sensitive to the vicissitudes of interest rates. Furthermore, we believe that the High Yield Index has significantly less exposure to expensive, potentially overvalued asset classes, like technology (~6.7% of the index at quarter-end), relative to previous cycles when it had significant concentration in overvalued sectors like Communications (~35.7% in 2000) and energy (~17.0% in 2015). Much of the debt funding for today's hotter sectors has come from private credit.

In our view, this adds up to an asset class with high current yield, an equity-like total return profile, low duration risk, and the best cohort of underlying issuers in a long while.

The Worst of Times

"Safer" debt continues to get eviscerated, with the Bloomberg U.S. Aggregate Bond Index (the "Aggregate Index") down 69 bps through the end of July and the long end of the treasury curve careening to a level it has not seen since before the Great Financial Crisis in 2007. If you had purchased the Aggregate Index six years ago at the end of July 2026, you would have lost nearly 3% of your initial investment even *after* accounting for all the interest. This is almost entirely because of the pernicious effect of rising interest rates on an asset class laden with duration risk.

Many clients ask us what we think interest rates will do, and we always tell them, honestly, that we have no idea. However, we do feel like there will continue to be volatility as the market works to discover what lenders need to be paid for our ever-growing debt pile.

As we wrote about last quarter, we continue to closely monitor the private credit market which we believe is exhibiting some worrying characteristics.

Redemption requests in "semi-liquid" private credit vehicles continued to be elevated during the second quarter, with several high-profile funds receiving repurchase requests well in excess of their gating requirements. Although redemption pressure does not necessarily indicate immediate deterioration in the underlying loans, it exposes the fundamental tension between offering periodic liquidity to investors and holding assets that may require years to monetize. In our corner of the liquid credit market, we have even seen some private credit loans repackaged as broadly syndicated loans to help create liquidity with mixed success.

Fitch's U.S. private-credit default rate reached 6.0% for the trailing 12 months through May, the highest level since Fitch began tracking the market, compared with 4.6% one year earlier[2]. More than half of the defaults through April involved interest-payment deferrals or the introduction of payment-in-kind interest rather than a straightforward missed payment. We have started using a different acronym for payment-in-kind, or PIK. We prefer principal-on-outstanding-principal, or POOP. The higher default rates and proliferation of POOP are worth keeping an eye on.

Lastly, we believe public-equity valuations continue to price in perfection with the cyclically adjusted P/E ratio (the "CAPE" ratio) for the S&P 500 reaching approximately 40.9x at quarter end[3], approaching extreme levels last observed near the peak of the technology bubble. We realize that CAPE is an imperfect metric, but we would still contend that, by almost any measure, we are in a historically expensive equity market.

Historically, equity downside and high yield downside have tended to correlate, but we believe that high yield could have considerably less downside capture vs. the S&P 500 going forward owing to the fundamental strength of the index and the relatively low exposure to the most expensive parts of the market.

The Opportunity

We continue to believe the case for high yield credit remains the most compelling on a risk/return spectrum across the liquid credit world. We cannot recall an environment rifer with opportunities for equity-like returns with solid underlying businesses and robust lender protections than today, especially amongst the smaller issue sizes and non-rated issuers we like to focus on at Intrepid.

We are often asked whether we will look to extend duration as the curve continues to float higher and investment-grade yields start to look more compelling. We view duration risk as just as much a fundamental credit risk as it is an interest rate risk. We still do not believe that, in most cases, we are being compensated enough to extend the length of time we lend companies money for the extra return we are receiving. However, that can change as the curve continues to adjust for what we view is a long overdue recognition of the risks.

In one recent, high-profile example of the market repricing "creditworthy" duration risk, BBB+ rated SpaceX bonds due in 2056 traded down over 10 points from their pricing and ended July 2026 at a yield of 7.87% - more than the High Yield Index!

The Intrepid Income Fund ("the Fund") returned 2.37% during the quarter. Over the same period, the Fund's benchmark Bloomberg U.S. 1-5 Year Government/Credit Bond Index returned 0.38%, the Bloomberg U.S. Corporate High Yield Index returned 2.47%, and the Bloomberg U.S. Aggregate Bond Index gained 0.67%. We ended June with an effective duration of 1.55 years and a yield-to-worst of 7.87%.

In summary, high yield's fundamentals justify confidence, but its valuation demands selectivity. We remain bullish on credit, but not indiscriminately so. At nearly an 8% portfolio yield, with limited duration and solid lender protections, we believe the Fund can continue pursuing equity-like return potential while assuming materially less volatility and downside risk than equities.

Our task as credit investors is not to predict exactly what will happen but to be prepared for worst-case outcomes. We believe that today's portfolio is receiving adequate compensation for the myriad risks that do exist and that our positioning gives us the flexibility to take advantage of any opportunities that arise from inevitable dislocations.

[2] https://www.fitchratings.com/research/corporate-finance/fitch-ratings-us-private-credit-default-rate-remains-at-record-high-6-0-in-may-2026-15-06-2026
[3] https://ycharts.com/indicators/cyclically_adjusted_pe_ratio?

Thank you for investing alongside us.

Sincerely,

Hunter Hayes, CFA, Chief Investment Officer
Intrepid Income Fund Co-Lead Portfolio Manager

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

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

Joe Van Cavage, CFA
Intrepid Income 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 fixed income securities 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. Intrepid utilizes Standard & Poor's credit ratings when tabulating the ratings for individual fixed income securities.

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 (YTW) 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.