Intrepid All Cap Fund

Discipline Makes the Difference.

1st QUARTER 2011 COMMENTARY

PERFORMANCE

Average Annualized Total Returns as of March 31, 2011

	Inception Date	3 Month	YTD	1 Year	3 Year	Since Inception
Intrepid All Cap Fund	10/31/07	4.31%	4.31%	13.26%	8.83%	4.40%
S & P 500 Index		5.92%	5.92%	15.65%	2.35%	-2.29%
Russell 3000 Index		6.38%	6.38%	17.41%	3.42%	-1.49%

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 less than 30 days. Performance data does not reflect the redemption fee. If it had, returns would be reduced.*

Per the Prospectus, the Fund's annual operating expense (gross) for Investor Shares is 1.99%. The Fund's Adviser has contractually agreed to waive a portion of its fees and/or reimburse expenses such that total operating expenses (excluding Acquired Fund Fees and Expenses) do not exceed 1.40% through 1/31/12. Otherwise, performance shown would have been lower..

Dear Fellow Shareholders,

For the quarter ended March 31, 2011, the Intrepid All Cap Fund (the "Fund") gained 4.31% compared to a gain of 5.92% for the S&P 500 Index. Underperformance for the quarter was hurt by two primary factors. First, our cash position remained high throughout the quarter and by March 31st was approximately 26%, which is higher than the previous quarter end. The cause of this increase is due to two significant sales near quarter end, which we detail further in this letter. The cash allocation was the leading detractor from performance. However, we remain true to our discipline in not purchasing businesses until such time that they have an appropriate discount to our calculated intrinsic values. If the market continues its upward momentum, we are left with fewer opportunities for inclusion in the Fund. The other detractors to performance were two of our telecom holdings: Tekelec (ticker: TKLC) and Tellabs (ticker: TLAB). Both firms reported results below "Street" expectations, but the lackluster forward projections for 2011 are what hurt them even more. In the case of Tekelec, some important sales to Indian telecom operators have been delayed, and until uncertain regulation issues are resolved between the Indian government and Indian telecom operators, Tekelec sales to that region remain on hold. In the case of Tellabs, sales to its two largest North American customers, Verizon (ticker: VZ) and AT&T (ticker: T), are projected to be lower than in 2010. In both cases, we employ what we believe is a conservative valuation which factors in the value of assets for both companies. We believe the market is underpricing them in comparison to their liquidation values.

The leading contributors to portfolio performance were Cephalon (ticker: CEPH) and Aaron's (ticker: AAN). Cephalon is part of a theme which we will elaborate upon further in this letter, but suffice it to say that the takeover was neither entirely foreseen nor unwelcome on our part. This mid-sized specialty pharmaceutical company attracted us because of its attractive free cash flows compared to its size. For 2010, it generated $967 million in Earnings Before Interest, Taxes, and Amortization (EBITA), but its Enterprise Value (Equity plus Minority Interest plus Debt minus Cash) was only $4.59 billion. If viewed as a yield, that is more than 21%. Part of the rationale for such a high yield was the uncertainty surrounding Cephalon's primary drug Provigil, which is prescribed for narcolepsy, shift work disorder, and sleepiness associated with obstructive sleep apnea. This drug goes off patent in 2012, yet it accounted for 40% of 2010 sales. In its place, Cephalon hopes patients will shift to its new drug Nuvigil, which has extended patent protection. To further aid in the potential for Nuvigil, Cephalon seeks to add FDA-approved indications, such as bipolar depression. Management believes it can convert about half of its current patients from Provigil to Nuvigil. Our thesis is that the revenue "hole" created by Provigil's shift to generic would be overcome by growth in its other existing drugs as well as a full year of performance for its newly acquired generics subsidiary, Mepha, which has leading share in various European markets. The company also has a pipeline of drugs which, while early in development, nonetheless made it an acquisition opportunity for another pharmaceutical company that desired Cephalon's cash flows for a relatively cheap price. With these circumstances, Valeant Pharmaceuticals International (ticker: VRX) made a hostile cash bid of $73 per share on March 29, 2011. As the share price closed in on our intrinsic value, we have begun paring back the position.

Although not under quite as dramatic circumstances, Aaron's has continued to display outstanding performance, with same store sales growing much faster than expected. Following this news, shares began to move up sharply, and we subsequently responded by liquidating the position. Because Aaron's share price is somewhat volatile, we remain watchful should the price once again slip to the point where we can reacquire it with an appropriate discount to intrinsic value.

Looking ahead, we believe that there are two themes which may present us with opportunities. The first is the relative dislocation between smaller cap securities (small caps and mid caps) and large cap securities. We think this has led to a higher level of opportunities than what we

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believe we typically observe. Today, the S&P 500's average P/E is roughly 15.5 times, which is less than half of the Russell 2000's average P/E of roughly 32.5 times. Mid-caps within the S&P MidCap 400 Index sit at an average P/E of 22.7 times. Now, a counterpoint to this observation could be that smaller caps have higher growth rates than large caps, thus the higher multiple is justified. That may be true in specific situations. Certainly, an individual business with a high growth rate does deserve a higher multiple than the same business with no growth rate (assuming the businesses in question are not destroying capital). However, in light of the high profit margins we are now seeing in the market among companies of all sizes, this disparity in multiples between small-caps and large-caps is indicative of fewer opportunities among smaller cap securities. We believe it makes sense for us to spend more times looking for attractively priced, quality large cap businesses in the current environment.

A second area for opportunity is within healthcare businesses. The general stock market recovery began two years ago at the end of March, 2009. In that time period, the Healthcare sector of the S&P 500 Index has underperformed the broad market by more than 30% cumulatively (the Healthcare sector had a total, non-annualized return of 41.40% over two years versus the S&P 500's total non-annualized return of 73.18%). While some of this underperformance can be attributed to Healthcare Reform, we believe that much of it is caused by a shift away from less cyclical businesses to more cyclical businesses to gain more risk exposure in the wake of perceived economic recovery. We view this as an investment opportunity. That is, we see businesses being discarded that offer a history of highly stable free cash flows. Within this sector, we maintain a preference towards businesses which have market share, either through patents on exclusive drugs or medical devices, sufficient scale and distribution within generic pharmaceuticals, or businesses which have a repeatable, less capital intensive revenue stream (think catheters and stents versus MRI machines).

Because we find ourselves at the six month mark since the end of the Fund's fiscal year, we want to report trailing six-month performance since September 30th, 2010. In this period, The Intrepid All Cap Fund returned 12.26% versus the S&P 500's return of 17.31%.

Those who have read these letters in the past know that we like to close with a final note on the average discount within the Fund. Each investment will have a discount to intrinsic value which is based upon its market price and our calculated intrinsic value. The average discount within the All Cap Fund is roughly 9%. We will continue to evaluate opportunities, buying new positions or adding to existing positions should their discounts increase.

Sincerely,

Greg Estes
Inrepid All Cap Fund Portfolio Manager

Top Ten Equity Holdings (% of net assets)

Holding	%
Microsoft Corp.	3.7%
Gilead Sciences, Inc.	3.7%
Dell, Inc.	3.6%
Telephone & Data Systems, Inc.	3.1%
Teleflex, Inc.	2.9%
Johnson & Johnson	2.8%
FTI Consulting, Inc.	2.7%
Tekelec	2.7%
Tellabs, Inc.	2.6%
ManTech International Corp.	2.6%

Top ten holdings are as of March 31, 2011. Fund holdings and sector allocations are subject to change and are not recommendations to buy or sell any security.

Mutual fund investing involves risk. Principal loss is possible. The Fund is subject to special risks including volatility due to investments in smaller and medium sized companies, which involve additional risks such as limited liquidity and greater volatility. The Fund is considered non-diversified as a result of limiting its holdings to a relatively small number of positions and may be more exposed to individual stock volatility than a diversified fund.

The Russell 3000 Index is an index representing the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market. 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. S&P MidCap 400 Index serves as a barometer for the US mid cap equities sector. Russell 2000 Index measures the performance of the 2000 smallest companies in the Russell 300 Index and serves as a benchmark for small cap stocks in the US. You cannot invest directly in an index.

EBITA is commonly used when equating profitability and efficiency of a company. Enterprise Value is an economic measure reflecting the market value of the whole business. Free cash flow is revenue less operating expenses including interest expense and maintenance capital spending. It is the discretionary cash that a company has after all expenses and is available for purposes such as dividend payments, investing back into the business or share repurchase. Price to earnings ratio (P/E) is a common tool for comparing the prices of different common stocks and is calculated by dividing the current market price of a stock by the earnings per share.

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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