Intrepid Capital Fund

Discipline Makes the Difference.

2nd QUARTER 2013 COMMENTARY

PERFORMANCE

Average Annualized Total Returns as of June 30, 2013

	Inception Date	3 Month	YTD	1 Year	3 Year	5 Year	Since Inception
Intrepid Capital Fund - Inv.	1/3/05	-0.86%	4.76%	11.08%	9.95%	9.57%	7.09%
Intrepid Capital Fund - Inst.	4/30/10	-0.86%	4.82%	11.28%	10.23%	-	7.71%
S & P 500 Index		2.91%	13.82%	20.60%	18.45%	7.01%	5.67%^
Russell 2000 Index		3.08%	15.86%	24.21%	18.67%	8.77%	6.52%^
B of A Merrill High Yield Master II Index		-1.35%	1.50%	9.57%	10.43%	10.63%	7.96%^

^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 S&P 500 Index is 12.43%, Russell 2000 Index is 11.83%, and B of A Merrill Lynch High Yield Master II Index is 9.06%.

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, the Fund's annual operating expense (gross) for the Investor Shares is 1.45% and for the Institutional Class is 1.20%. The Fund's Advisor has contractually agreed to waive a portion of its fees and/or reimburse expenses such that the total operating expense (net) is 1.41% and 1.16% through 1/31/14, respectfully. In addition, the Fund's Advisor has contractually agreed to waive a portion of its fees and/or reimburse expenses such that the total operating expense, excluding Acquired Fund Fees and Expenses, (expense cap) does not exceed 1.40% and 1.15% through 1/31/14, respectfully. Otherwise, performance shown would have been lower.

July 2, 2013

"The mere prospect of a slight reduction in the administered
drug makes the patient tremble and shudder."
Joachim Fels
Wall Street Journal – June 28, 2013

Dear Fellow Shareholders,

The above quote by a Morgan Stanley strategist was said shortly after the latest announcement by the Federal Reserve on June 19, 2013, when the capital markets started gyrating with the mere mention by Ben Bernanke that the pace of bond buying and rate suppression would slow as the economy continues to heal.

Coincidentally, this June marks the 100th year anniversary of the legislation to form the Federal Reserve. I have always enjoyed reading financial history as I think there is a lot to be learned that can help navigate markets. I think the old adage, "The markets may not play the same song, but they often hum a similar tune" holds true. A little financial history is in order. The framers created the Federal Reserve Act "To provide for the establishment of Federal Reserve banks, to furnish an elastic currency, to afford a means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes." Regulating a 16 trillion dollar U.S. economy was not among them! Representative Charles Lindbergh, Sr., the father of the aviator, predicted the Federal Reserve Act would establish "the most gigantic trust on earth" and was concerned the Fed would become an economic dictator. *The New York Times* said, "History and experience unmistakably show that governments are not good bankers." Representative Carter Glass of Virginia, the chief sponsor of the Federal Reserve Act, pledged the new agency would be restrained by the requirements of the gold standard – which the country abandoned in the mid-1930's.

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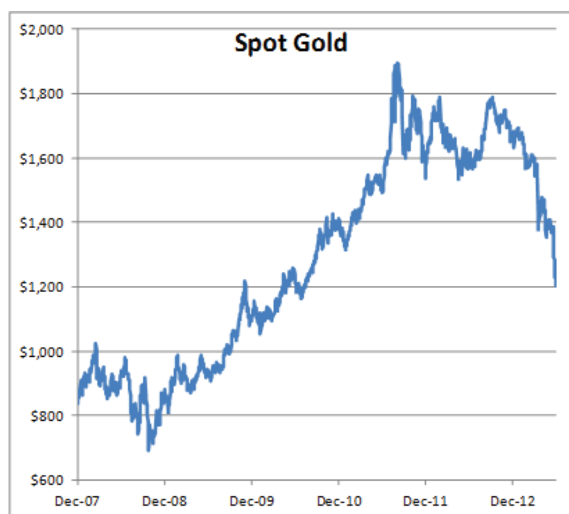
For most of calendar year 2013, up until the most recent announcement by the Federal Reserve, the financial markets were tranquil and trending up. That has now changed. The Fed announcement quickly added almost 1% to the 10-year Treasury yield and caused lower bond prices and significant liquidation across all sectors of the bond market (government, municipal, corporate, mortgage-backed, etc.). Now, after the last few trading days of June, many bond indices show negative year-to-date performance.

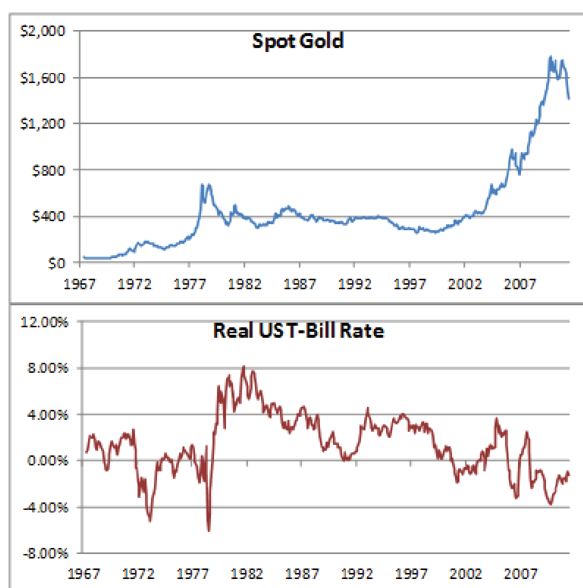
Top Ten Holdings	(% of net assets)
Bill Barrett Corp.	3.3%
FTI Consulting, Inc.	3.2%
Dell, Inc.	3.1%
Berkshire Hathaway, Inc. - Class B	3.1%
The Western Union Co.	3.1%
The Bank of New York Mellon Corp.	2.8%
Bio-Rad Laboratories, Inc.	2.7%
Big Lots, Inc.	2.6%
Microsoft Corp.	2.4%
Amdocs Ltd.	2.2%

Top ten holdings are as of June 30, 2013. Fund holdings and sector allocations are subject to change and are not recommendations to buy or sell any security.



(Chart 1) Source: Federal Reserve Bank-6/20/2013

The other market to drop significantly over the second quarter of 2013 was gold. The price decline began with a two day sell-off in mid-April and accelerated over the remainder of the second quarter. It is difficult to establish an "intrinsic value" for an ounce of gold like we would for the shares of a cash generative business. Gold has typically been a good diversifier for its non-correlated performance to stock and bond markets. We view gold as protection against a monetary disturbance that may occur with many central banks aggressively printing money.



(Chart 2) Source: Federal Reserve Bank-5/2/2013

Over time, the price of gold has been heavily influenced by short term real interest rates. The real rate is the nominal rate of interest, in current times close to zero, minus the inflation rate which is running greater than zero, say 1-2%, resulting in negative real rates. This leaves the opportunity costs of holding gold versus cash low as well. Although real rates have moved up since gold's peak price in September of 2011, they are still negative and likely to support the price per ounce. We are just glad our approximate 3% commitment to shares of gold mining and related shares wasn't any larger. Much like Tabasco sauce, a little goes a long way!

As of June 30, 2013, the S&P 500's trailing twelve month and three year annualized returns were 20.60% and 18.45%, respectively. Both returns are well above the historical average. This environment is a challenging one for a firm like ours that spends as much time assessing risk as we do contemplating return. We like to remind investors that, psychologically, the pain of loss is two times greater than the pleasure of a gain.

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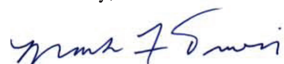
When no suitable stock or bond meets our risk/return parameters, our default investment is cash, of which we currently hold a higher than normal amount. As of June 30, 2013, the Intrepid Capital Fund (the "Fund") had 17.6% in cash that is anxiously waiting to be deployed when, as the TV host Bob Barker used to say, "the Price is Right!"

The Fund reported a loss of 0.86% in the three-month period ending June 30, 2013. For the one-, three- and five-year periods ending June 30, 2013, the Fund's annualized returns were 11.08%, 9.95%, and 9.57%, respectively. Below are the top contributors and the largest detractors for the second quarter of 2013. Several of these positions are discussed in the Small Cap Fund and Disciplined Value Fund commentaries.

Top 5 Equity Contributors	Return		Top 5 Equity Detractors	Return
Microsoft (MSFT)	21.56%		Royal Gold (RGLD)	-40.53%
World Wrestling Entertain. (WWE)	18.34%		Pan American Silver (PAAS)	-28.32%
Western Union (WU)	14.61%		Newmont Mining (NEM)	-27.57%
American Greetings (AM)	13.16%		Bio-Rad Laboratories (BIO)	-10.95%
Berkshire Hathaway (BRK.B)	7.37%		Big Lots (BIG)	-10.60%

Thank you for your patience and continued support as we wait for better opportunities to deploy your capital (and ours). If there is anything we can do to better serve you, please don't hesitate to call.

Sincerely,



Mark F. Travis
President
Intrepid Capital Fund Portfolio Manager

Mutual fund investing involves 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. 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. 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 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 Bank of America/Merrill Lynch High Yield Master II Index is Merrill Lynch's broadest high yield index, and as such is comparable with the broad indices published by other investment banks. The Russell 2000 Index consists of the smallest 2,000 companies in a group of 3,000 U.S. companies in the Russell 3000 Index, as ranked by market capitalization. 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. You cannot invest directly in an index.

Correlation is a statistical measure of how two securities move in relation to each other.

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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