Intrepid Income 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 Income Fund - Inv.	7/2/07	1.73%	1.73%	5.84%	6.17%	4.98%
Intrepid Income Fund - Inst.	8/16/10	1.86%	1.86%	-	-	4.70%
B of A Merrill Lynch High Yield Master II Index		3.90%	3.90%	14.18%	12.69%	8.91%^

^Since Inception returns are as of the fund's Investor Class inception date, the Inst. Class cumulative return for the B of A Merrill High Yield Master Index is 10.42%.

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.*

Investment performance reflects fee waivers, in the absence of such waivers, total return would be reduced.

Per the Prospectus, the Fund's annual operating expense (gross) for the Investor Shares is 1.34% and 1.09% for the Institutional Share Class. 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 1.15% and 0.90% through 1/31/12, respectively. Otherwise, performance shown would have been lower.

Dear Fellow Shareholders,

The high yield bond market continued to climb higher in the first quarter as investors flooded the asset class with funds and issuance continued to surge. Generally, inflows beget issuance, and issuance begets inflows, and thus the cycle tends to feed on itself. As portfolio managers strain to put newly acquired cash to work, bond prices get pushed higher and yields decline, eventually leading to the scenario we are currently experiencing with covenant light bonds and issues that are payable in kind. Payable in kind bonds allow the issuer to defer interest payments and instead issue more debt to the lender. These are not the types of situations that we like to be involved in; eventually someone is left without a chair when the music stops.

The Intrepid Income Fund (the "Fund") performed about as we would expect, returning 1.73% in the first three months of the year. The Bank of America Merrill Lynch High Yield Master II index returned 3.90%. The quarter ending March 31, 2011 also marks six months since the end of the Fund's fiscal year. From September 30, 2010 through March 31, 2011 the Fund has returned 2.97% compared to the Bank of America Merrill Lynch High Yield Master II index return of 7.09%.

As has been the case in previous quarters, the Fund experienced less volatility than the index, but the deviation was less pronounced this quarter as the index paused only once on its upward path. The top two contributors to the Fund's performance were Potlatch Corporation common stock (ticker: PCH), and Teleflex convertible bonds due in 2017. The aforementioned equity position was entered opportunistically when we believed the company's stock was significantly undervalued. Additionally, at the time of purchase the dividend yield was over 6% which helped produce income for our shareholders. We have followed this company for a number of years, and own the shares in other Intrepid mutual funds.

The Teleflex convertible bond was discovered by our small cap portfolio manager, who found the company's equity to be undervalued. We were able to enter the position with a positive yield even from the straight bond alone, as the market was under pricing the value of the embedded call option. Due to the more volatile nature of the two securities mentioned, we held both positions to a half weight of 2% each, and we recently exited the Potlatch position completely after quarter end.

It was tough to lose money in the quarter, as there was only one position that negatively contributed to the funds return. The detractor reduced the fund's performance by a mere basis point, and was one of our most recent purchases, which had not yet accrued much coupon interest.

The Intrepid Income Fund established new positions in seven bond issues in the quarter: Bill Barrett 9.875% due July 15, 2016, Bio-Rad 8.0% due September 15, 2016, Mac-Gray 7.625% due August 15, 2015, Sally Holdings 9.25% due November 15, 2014, Teleflex 3.875% convertibles due August 1, 2017, Speedway Motorsports 8.75% due June 1, 2016 and Smith & Wesson 9.5% due January 14, 2016, which were exchanged from our previous holding in the 2026 notes.

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1st QUARTER 2011 COMMENTARY continued

As has been the case in prior quarters, many of our holdings were called by their issuers. These bonds include Bio-Rad 7.5% due August 15, 2013, Communications and Power Industries 8.0% due February 1, 2012, Dycom 8.125% due October 15, 2015, Radioshack 7.375% due May 15, 2011, Speedway Motorsports 6.75% due June 1, 2013, Syniverse 7.75% due August 15, 2013, and Valassis Communications due March 1, 2015.

We discussed Smith & Wesson in last quarter's commentary when we purchased their 4% convertible notes due December 15, 2026 (putable in December 2011). The Company offered to exchange these notes for 9.5% coupon notes due January 14, 2016. We happily obliged via two separate exchanges, and the new notes went on to be a top fund contributor despite the fact they were not in the fund for the entire month of January.

Mac-Gray Corporation is the second largest laundry facilities management contractor in the United States, operating both card- and coin-operated facilities. Even though many would like to get rid of the dreaded laundry chore, there is no end in sight which gives us comfort that Mac-Grays' revenue should be recurring for an extended period. Mac-Gray previously went on an acquisition binge starting in 2004, but has since focused on paying down the debt used to make acquisitions. Additionally, the company recently had the displeasure of enduring an expensive proxy battle, which included a piercing attack on management for making acquisitions that failed to meet promises. One of the dissident shareholders won a Board seat, which we believe reduces the risk of any future misallocation of capital.

Top Ten Equity Holdings (% of net assets)

Scholastic Corp., 5.000%, 4/15/2013	4.66%
Collective Brands, Inc., 8.250%, 8/1/2013	4.45%
PEP Boys Manny Moe & Jack., 7.500%, 12/15/2014	4.34%
American Greetings Corp., 7.375%, 6/1/2016	4.11%
AEP Industries, Inc., 7.875%, 3/15/2013	3.99%
Gibraltar Industries, Inc., 8.000%, 12/01/2015	3.91%
Speedway Motorsports, Inc., 8.750%, 6/1/2016	3.81%
Amscan Holdings, Inc., 8.750%, 5/1/2014	3.67%
Perry Ellis Intl, Inc., 8.875%, 9/15/2013	3.66%
Hanesbrands, Inc., 3.831%, 12/15/2014	3.65%

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.

As we have noted on numerous occasions, we are absolute return investors with a bias to shorter duration, higher quality securities. Further, we do not intend to change our strategy merely because we are being outpaced by our peers. The yield-to-worst on the Bank of America Merrill Lynch High Yield Master II Index, as of March 31, 2011 was 7.0%. We do not consider this yield attractive given the current risks, and will be even more reluctant to invest in low yielding securities. We believe we have, however, been able to find a few securities with yields equal to or greater than the index, with less risk. As the market continues to march to higher levels we find this job increasingly difficult. Our fiduciary duty is to our clients, and we intend to manage your investment as well as our own personal investments with prudence and care. This means we will typically underperform the index in what we consider overly optimistic times in order to hopefully prevent a large loss of capital when the optimism fades. In the meantime, we strive to achieve an adequate income for our investors.

Sincerely,

Ben O Franklin IV

Ben Franklin
Co-Lead Portfolio Manager

Jason Lazarus
Co-Lead Portfolio Manager

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 presents a greater risk of loss to principal and interest than higher rated securities. The fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the fund is more exposed to individual securities volatility than a diversified fund.

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. You cannot invest directly in an index.

Opinions expressed are subject to change, are not guaranteed and should not be considered investment advice or recommendations to buy or sell any security.

Duration is a commonly used measure of the potential volatility of the price of a debt security, or the aggregate market value of a portfolio of debt securities, prior to maturity. Securities with a longer duration generally have more volatile prices than securities of comparable quality with a shorter duration. Yield to Worst is the bond yield computed by using the lower of either the yield to maturity or the yield to call on every possible call date. Basis point is a unit that is equal to 1/100th of 1% and is used to denote the change in a financial instrument.

The Intrepid Capital Funds are distributed by Quasar Distributors, LLC