Intrepid Income Fund

Discipline Makes the Difference.

3rd QUARTER 2011 COMMENTARY

PERFORMANCE

Average Annualized Total Returns as of September 30, 2011

	Inception Date	3 Month	YTD	1 Year	3 Year	Since Inception
Intrepid Income Fund - Inv.	7/2/07	-0.95%	1.62%	2.86%	6.18%	4.36%
Intrepid Income Fund - Inst.	8/16/10	-1.00%	1.77%	2.97%	-	4.09%
B of A Merrill Lynch High Yield Master II Index		-6.31%	-1.69%	1.32%	13.68%	6.42%^

^Since Inception returns are as of the fund's Investor Class date. The return for the B of A Merrill High Yield Master Index is 3.98% as of the inception date of the Institutional Class.

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 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,

Over the past several quarters, we have defended the Intrepid Income Fund's (the "Fund") conservative posture as we underperformed the market. Our strategy has always been to invest in higher-quality, shorter-duration bonds. This patience paid off in the third quarter as the equity and corporate bond markets sold off sharply. The Intrepid Income Fund declined 0.95% in the three-month period ending September 30, 2011, while the Bank of America Merrill Lynch US High Yield Master II Index (the "Master II Index") fell 6.31% in the same period. This sell-off wiped out the index's advantage over the Fund for both the year-to-date and trailing one-year periods. Year-to-date, the Fund has gained 1.62% versus the index's loss of 1.69%. During the Fund's fiscal year ended September 30, 2011, the Fund increased 2.86%, and the index returned 1.32%. The Fund's maximum drawdown for the one-year period was 2.37%, while the index fell 9.74% from peak to trough.

The high yield market's performance is reflective of deteriorating confidence in the rosy economic outlook implied in bond prices earlier this summer, which occurred as Europe's sovereign debt problems continue to fester and the United States' credit rating was downgraded by Standard & Poors. Many highly cyclical businesses were able to refinance under favorable terms as investors believed the economy was in recovery mode, and as such most bonds were richly priced. The highly leveraged capital structures of these businesses leave little margin of safety to the creditor in the event the recovery falters. At the end of the second quarter, the BofA/ML CCC and Lower US High Yield Index offered a yield-to-worst of 10.6%. In contrast, the BofA/ML BB-B US High Yield Index, which is the typical credit rating spectrum we invest in, yielded 6.8% to worst. We would rather forgo the additional return potential than expose the Fund to risk of permanent capital loss. Therefore, the Fund avoided these issues. These riskier bonds were the hardest hit in the sell-off, with the CCC and Lower rated index falling 13.5% in the quarter compared to the BB-B rated index's decline of 5.0%.

As we have discussed at length in prior letters, we have increasingly positioned the Fund more defensively as high yield bond prices have risen and yields have declined. We accomplished this by exiting positions we believe no longer offer favorable risk/return profiles, and by not forcing our capital into overvalued investments. We will not put capital to work purely because we are underperforming (as we have stubbornly proven). Each position must have value on an absolute basis before entering the portfolio. In our opinion, our consistent application of these principles allowed us to significantly outperform the Master II Index in the recent three-month, year-to-date, and one-year periods, while providing the needed capital to invest as high-yield bond prices have become more attractive.

The largest contributors to the Fund's third quarter performance were Teleflex 3.875% convertible notes, Mac-Gray 7.625% due 8/15/2015 and CoreLogic 7.25% due 6/01/2021. Both the Teleflex and CoreLogic positions were established during the quarter and rallied shortly thereafter as the market's panic selling subsided somewhat. In the case of Mac-Gray, the company's credit quality continued to improve when management announced they would repurchase a portion of the notes. Readers may be familiar with the Teleflex converts as we have owned this bond in the past. We exited our initial position in the bonds in the first quarter of this year as the company's equity and convertible bonds rose significantly in price. The equity sell-off allowed us to re-establish the position at what we believe to be a very favorable price. The top contributors for the full fiscal year were Potlatch common stock (ticker: PCH), Pep Boys 7.5% due 12/15/2014 and American Greetings 7.375% due 6/01/2016. We have discussed these securities in prior quarterly commentaries.

The Fund's largest detractors in the third quarter were Spartan Stores 3.375% convertibles, Smith & Wesson 9.5% due 1/14/2016 and Potlatch common stock. The PCH equity position, which represented less than 2% of the portfolio, fell along with the major indices, but to a lesser degree. We remain confident in our intrinsic valuation of the company and are happy to collect the 6% dividend while we wait. The bond positions mentioned fell in line with the index, and we have

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fairly large positions in these issues. Our fundamental view of these credits has not changed, and we were able to add to our positions during the quarter as prices fell.

As mentioned in the past, the Fund's cash balance has been abnormally high for quite some time. To reiterate, we do not try to time the market. Our cash levels are a byproduct of the investment process. If we cannot find attractive securities to invest our funds in, we will hold cash. Coming into the third quarter, our cash balance stood at 27.9%. As the market sold off, we were presented with several opportunities to put cash to work at favorable prices. We initiated eight new positions and added to eight existing holdings in the quarter, making this one of our most active periods in recent times. These new positions are: Ashtead Capital 9.0% due 8/15/2016, Aspen Insurance 7.4% variable rate preferreds, CoreLogic 7.25% due 6/01/2021, Dollar General 11.875% due 7/15/2017, FTI Consulting 7.75% due 10/01/2016, Halfords Group common stock, Libbey Glass 10.0% due 2/15/2015, and Teleflex 3.875% convertible notes.

Ashtead Capital's bonds represent the largest new position. Ashtead (ticker: AHT LN) is a UK-based owner of two equipment rental businesses, SunBelt Rentals in the U.S. and A-Plant in the U.K. Through the weakest commercial construction environment in two decades, Ashtead has managed its debt-load well by generating significant free cash flow while still maintaining a competitive fleet. Although construction activity is not expected to rebound anytime soon, the U.S. rental industry as a whole will experience structural tailwinds as contractors increasingly choose to rent rather than own. Further, the largest players, (United Rentals, Ashtead, RSC Equipment Rental, Hertz Rentals) have said that they will cautiously grow their fleets, signaling a commitment to rational pricing in a period of weak demand. The company's dollar-denominated 9% secured notes maturing in 2016, although structurally subordinated, offer an attractive yield of 8.5% for a shorter duration credit on an absolute basis and relative to peer offerings.

After a very active quarter, our cash balance on September 30, 2011 stood at 13.8%. The continued market volatility has allowed us to find additional opportunities since this date. As we have invested our zero duration cash, the Fund's modified duration has increased from 2.2 years on June 30, 2011 to 2.7 years on September 30, 2011. The index's duration on this date was 4.7 years. Given the fact that ten-year "risk free" treasury rates are near records lows at a measly 2%, we intend to keep the Fund's duration short for the foreseeable future. Our position on the Fund's duration has always been to focus on credit quality and minimize interest rate risk. While we are keenly aware of widening spreads, we want our investments to be attractive on an absolute basis, not only relative to an artificially low treasury rate. We will remain steadfast in our commitment to earn attractive returns while minimizing downside risk, and will continue to put cash to work if opportunities arise. We thank you for your investment.

Sincerely,

Ben Franklin
Co-Lead Portfolio Manager

Jason Lazarus
Co-Lead Portfolio Manager

Top Ten Holdings (% of net assets)

Scholastic Corp., 5.000%, 4/15/2013	4.52%
Sally Holdings, LLC., 9.250%, 11/15/2014	4.37%
Mac-Gray Corp., 7.625%, 8/15/2015	4.30%
Collective Brands, Inc., 8.250%, 8/1/2013	4.26%
PEP Boys Manny Moe & Jack., 7.500%, 12/15/2014	4.15%
American Greetings Corp., 7.375%, 6/1/2016	3.95%
Spartan Stores, Inc., 3.375%, 5/15/2027	3.92%
HSN, Inc., 11.250%, 8/1/2016	3.85%
Hanesbrands, Inc., 3.770%, 12/15/2014	3.83%
Speedway Motorsports, Inc., 8.750%, 6/1/2016	3.74%

Top ten holdings are as of September 30, 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. 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. The Bank of America Merrill Lynch (BofA/ML) CCC and Lower US High Yield Index is a subset of the Bank of America Merrill Lynch High Yield Index including all securities rated CCC1 or lower. Bank of America Merrill Lynch (BofA/ML) BB-B US High Yield Index is a subset of the Bank of American Merrill Lynch US High Yield Index including all securities rated BB1through B3, inclusive. You cannot invest directly in an index.

Basis point is a unit that is equal to 1/100th of 1% and is used to denote the change in a financial instrument. 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. Modified Duration is a time measure of interest-rate risk exposure that estimates how much a bond, or a bond fund's price, fluctuates with changes in interest rates. Free Cash Flow measures the cash generating capability of a company by adding non-cash charge (e.g. depreciation) and interest expense to pretax income.

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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