Intrepid Small 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	5 Year	Since Inception
Intrepid Small Cap Fund - Inv.	10/3/05	3.18%	3.18%	15.60%	18.70%	14.84%	13.99%
Intrepid Small Cap Fund - Inst.	11/3/09	3.23%	3.23%	15.91%	-	-	20.77%
Russell 2000 Index		7.94%	7.94%	25.79%	8.57%	3.35%	5.66%^

^Since Inception returns are as of the fund's Investor Class inception date, the Inst. Class return for the Russell 2000 Index is 33.75%.

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 1.51% and 1.26% for the Institutional Share class. The Fund's Advisor has contractually agreed to waive a portion of its fees and/or reimburse expenses such that the total operating expenses (excluding Acquired Fund Fees and Expenses) do not exceed 1.40% and 1.15% through 1/31/12, respectively.

Dear Fellow Shareholders,

By now, we are sure you have noticed that the Intrepid Small Cap Fund (the "Fund") does not behave exactly like the market. Over the past two quarters, our returns have fallen far short of small cap benchmarks. During the three months ending March 31, 2011, the Intrepid Small Cap Fund returned 3.18% compared to a 7.94% gain in the Russell 2000 Index. On days that the small cap market declined (early March), the Fund usually performed relatively well, while on days the market was higher (the majority), the Fund lagged. For the last six months ended March 31, 2011, the Intrepid Small Cap Fund rose 11.55% versus a 25.48% return for the Russell 2000.

This fund is not for everyone. We are absolute return investors, and we do not play the relative game. Today's market has been rewarding those who embrace risk. In contrast, we are keenly focused on minimizing risk. With the Russell 2000 now at an all-time high, undervalued stocks are scarce. As a result, cash is around 35% of Fund assets. We are not as sanguine about this economy as most investors, but making macro-economic calls is not our forte. Fortunately, our investment process is serving up clear signals that we should not be heavily invested in companies that are dependent on a strong economy. With corporate profit margins approaching record levels and valuation multiples similarly extended, we struggle to find the margin of safety in most cyclical small cap names. In a world of investment land mines, we demand hazard pay (i.e. what we view as an adequate margin of safety) to defuse an explosive device, while many of our peers seem to be working pro bono—any risk premium will suffice.

We are generally avoiding some of the more popular parts of the market, where the risk/reward equation has become unfavorably skewed. While many of our holdings have cyclicality and should benefit from a stronger economy, we believe our businesses are, on average, less prone to economic swings than the broader market. A quick survey of our top holdings may illustrate this point:

1) CSG Systems (ticker: CSGS): billing service provider to cable & satellite industry; high recurring revenue
2) FTI Consulting (ticker: FCN): diversified operator; largest segment focuses on corporate restructurings
3) ManTech (ticker: MANT): defense IT services provider
4) Epiq Systems (ticker: EPIQ): legal software and services; leader in bankruptcy administration
5) Bio-Rad (ticker: BIO): sells instruments and reagents to the life sciences and clinical diagnostics markets; over 70% recurring revenue
6) Aaron's (ticker: AAN): rent-to-own operator that grew earnings through recession
7) Teleflex (ticker: TFX): 90% of revenue comes from catheters and other single-use disposable medical devices

The largest positive contributor to the Fund's performance for the quarter was Aaron's. Aaron's is the nation's second largest rent-to-own operator after Rent-A-Center (ticker: RCII), a name that we sold last quarter. Aaron's lease and ownership concept is positioned slightly "upmarket" from Rent-A-Center, and Aaron's has been able to consistently grow its market share over the last decade while delivering solid same store sales gains and increasing profitability. Despite this, the company's stock underperformed Rent-A-Center and the overall small cap market late last year and into 2011. We increased our position in Aaron's leading up to its February earnings report, which was well received by market participants. Other portfolio holdings with a large favorable impact on performance were Potlatch (ticker: PCH - high dividend

Intrepid Small Cap Fund

Discipline Makes the Difference.

1st QUARTER 2011 COMMENTARY continued

timber REIT) and Amerisafe (ticker: AMSF - workers compensation insurer trading near book value).

The largest negative contributors this quarter were Tekelec (ticker: TKLC), Tellabs (ticker: TLAB), and Core-Mark (ticker: CORE). Collectively, the two telecom holdings, Tekelec and Tellabs, cost the Fund approximately 1% in the quarter. Tekelec was particularly painful. The Fund originally purchased this holding in December 2009. At the time, we believed the company could weather the transition from its legacy products to newer-generation IP-based products (the thesis on Tellabs was similar). However, the falloff in legacy equipment was more severe than we anticipated, and this was made evident during the first quarter. Occasionally, we buy businesses with more operational risk if they have strong balance sheets. Both Tekelec and Tellabs hold significant cash and fit this bill, but our analysis of the operating fundamentals fell short. Currently both stocks are priced at tangible book value plus a little more than one year's research and development spending, which is undemanding for cash flow positive businesses.

Top Ten Equity Holdings (% of net assets)

CSG Systems International, Inc.	3.0%
FTI Consulting, Inc.	2.8%
Mantech International Corp.	2.6%
EPIQ Systems, Inc.	2.6%
Aarons, Inc.	2.5%
Bio-Rad Laboratories, Inc.	2.5%
Teleflex, Inc.	2.5%
Core-Mark Holding Co., Inc.	2.4%
Regis Corp.	2.4%
American Greetings Corp.	2.1%

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.

New ideas are harder to come by than any time in several years. During the quarter, we increased our position in Regis (ticker: RGS), which we had a toehold weight in at the end of last quarter. Regis runs the nation's largest hair salon network, operating under banners including "Supercuts" and "SmartStyle" (the chain inside Walmart). The company put itself up for sale last summer, but the process was abandoned in December after management deemed the private equity bids to be inadequate. This caused a sharp drop in the stock price. Same store sales at Regis have been weak for a couple of years, as consumers have stretched out the time in between haircuts. Additionally, management has made several bad decisions that keep them off of the all-star team. Still, Regis currently generates a mountain of cash flow, has repeat customers, and its salon concepts cater to the frugal consumer. The company has also paid down a substantial amount of debt over the last two years.

We also recently bought Securitas (ticker: SECUB), a Sweden-based firm that is the largest provider of armed guarding services in Europe and the U.S. We noticed Securitas on one of our 52 week low screens. It was not trading at a large discount, but security services are a defensive business that has historically grown faster than worldwide GDP. Securitas has a 90% client retention rate and the stock offers a 4% dividend yield.

Should the market continue to rapidly appreciate, we expect our performance to trail as a result of our cash position and less exciting portfolio holdings, which are good companies but do not involve a lot of imagination. Investors are more bullish today than any time in the last 2 years, even though small caps have risen nearly 150% from the bottom on March 9, 2009 (as measured by the Russell 2000 Index). Higher prices beget more bullishness, a phenomenon which the puppet masters at the Fed have taken to the bank (pun intended). In our view, it is prudent to scale back portfolio risk until small cap prices become cheaper. When they do, we will put money to work. We firmly believe that our value-based investment process should perform well over a full market cycle, and we sincerely appreciate your patience as fund shareholders. Thank you for your investment.

Sincerely,

Jayme Wiggins, CFA
Intrepid Small Cap Portfolio Manager

Opinions expressed are subject to change, are not guaranteed and should not be considered investment advice or 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 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 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. You cannot invest directly in an index.

Book Value is the net asset value of a company, calculated by subtracting total liabilities from total assets. Cash Flow measures the cash generating capability of a company by adding non-cash charges (e.g. depreciation) and interest expense to pretax income.

The Intrepid Capital Funds are distributed by Quasar Distributors, LLC.