Intrepid Small Cap 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	5 Year	Since Inception
Intrepid Small Cap Fund - Inv.	10/3/05	-9.11%	-6.55%	1.02%	14.64%	12.07%	10.90%
Intrepid Small Cap Fund - Inst.	11/3/09	-9.07%	-6.41%	1.28%	-	-	9.16%
Russell 2000 Index		-21.87%	-17.02%	-3.53%	-0.37%	-1.02%	0.66%^

^Since Inception returns are as of the fund's Investor Class date. The return for the Russell 2000 Index is 7.94% 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 1.51% 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. Otherwise, performance shown would have been lower.

Dear Fellow Shareholders,

Tom Seaver once said, "If you dwell on statistics, you get shortsighted. If you aim for consistency, the numbers will be there in the end." We can't control the market, but we can apply consistency in our investment process. That process is to only buy undervalued businesses and to avoid risk when the payoff appears low and the penalty is high. For the quarter ending September 30, 2011, the Intrepid Small Cap Fund ("the Fund") returned -9.11% compared to a -21.86% loss for the Russell 2000 Index. Year-to-date, the Fund's performance is -6.55% versus -17.02% for the benchmark. Lastly, for the trailing twelve months, the Fund gained 1.02% while the Russell 2000 Index lost 3.53%. To recap the fiscal year ending September 30, 2011, we lagged in the market upswing but outperformed on the downside. While we do not want to trail the market for any period, we would expect lower returns than our peers when small cap stocks go from expensive to even more overvalued. This is a byproduct of our investment process—to become more defensive when the risk of permanent loss grows.

As markets rise, we sell holdings that cross our intrinsic value estimates. If we cannot identify other cheap securities, then cash builds. Expensive markets are usually fueled by the most cyclical and speculative companies. We don't buy into "high expectation" ideas. When the consensus opinion has set the performance bar low, then we become interested. Highly cyclical companies are typically not a large part of our portfolio unless they are very out of favor, which wasn't the case for most of the last year. We can't time the tops or the bottoms, but we have found that by sticking to our valuation-driven investment discipline, our portfolio becomes more defensive after big market gains and more aggressive after big market losses. Our goal remains to deliver an attractive absolute return and to outperform our benchmark over a full market cycle.

The Fund's cash reached 41% of assets in early July as the Russell 2000 touched an all time high. From the market's peak on July 7th, the Russell declined by 24.7% through the end of the quarter, while the Fund fell 10.5%. This drop created the most small cap bargains we have seen in a year. We put money to work as prices fell, and cash ended Q3 at 28% of Fund assets. Nonetheless, small cap stocks aren't cheap like they were in late 2008 and early 2009. There isn't blood in the streets. The blood is just seeping over the sidewalks now, and wouldn't you know that Bernanke, Geithner and the Europeans have their mops out and are on cleanup duty. "Nothing to see here folks! If it gets bad, we'll fix it." Sadly, the government's monetary Pine-Sol is more like cleaning with gasoline—it may cover up the original mess but leaves a lingering problem.

The largest positive contributors to Fund performance in the third quarter were Square Enix (ticker: 9684 JP), Tecmo Koei (ticker: 3635 JP), and Collective Brands (ticker: PSS). Square Enix and Tecmo Koei are profitable Japanese video game companies with sterling balance sheets. Square Enix stumbled during the last year with one of its major game franchises, and we entered the position in the wake of this disappointment. Tecmo Koei was trading at a discount to its tangible book value, generates good cash flow, and has a growing social gaming business. Both positions have been reduced as the valuation discounts have declined. Collective Brands, formerly known as Payless, has struggled due to financial pressures on its low income customer base. We bought the stock during the market weakness, and we subsequently exited the position when the stock popped after the company announced it was exploring strategic alternatives. For the full fiscal year, the greatest contributors to performance were Aaron's (ticker: AAN), Tidewater (ticker: TDW), and De La Rue (ticker: DLAR LN). Each of these was discussed in prior letters.

On the flipside, the biggest detractors from Fund performance in Q3 were CSG Systems (ticker: CSGS), ManTech (ticker: MANT), and Securitas (ticker: SECUB SS). Each of these names performed slightly worse than the benchmark, but they are also larger holdings so had a greater impact on Fund performance than smaller positions. CSG Systems looks dirt cheap at current prices, which seem to factor in major customer losses that are unlikely to occur, in our opinion. ManTech has suffered because of a dearth of bookings due to uncertainty over defense spending in government budget negotiations. As with CSG, the market has already priced in a lot of bad news (MANT trades at 5x EV/EBIT), but ultimately we believe the reductions to defense spending will be less severe than implied by ManTech's current multiple. Securitas' stock has declined due to adverse currency movements, the loss of a few clients, and its failure to pass through wage inflation in certain European markets. We bought the stock too early, but we continue to view security services as a defensive business. For the fiscal year,

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the largest portfolio losers were Tekelec (ticker: TKLC), CSG Systems, and Securitas.

Even though the broader small cap market is not yet on sale, we are pleased to be finding select discounts. The Fund's weighted average discount is at its highest level since last summer. During the third quarter, we added to several existing positions and bought a handful of new names. Bio-Rad Laboratories (ticker: BIO) and Brown & Brown (ticker: BRO) are familiar holdings that we bought more of in Q3. Bio-Rad sells products used for research and diagnostics that are purchased by universities, pharmaceutical manufacturers, and hospital and testing labs. Sales are global with only one third coming from the U.S. Roughly 70% of revenues are recurring, as customers continually purchase the consumables that are paired with Bio-Rad's instruments. The company has a strong balance sheet, including a $200 million stake in a German diagnostics firm that might be overlooked by some investors. Recently, Bio-Rad traded at an EV/EBITA multiple below 8x, which is far below peer multiples and more importantly, cheap on an absolute basis. The industry has experienced consolidation and in our opinion, the company could sell itself for a much higher price if the controlling Schwarz family ever wanted to retire.

Brown & Brown is a leading middle market insurance broker that we have owned previously. Both Bio-Rad and Brown & Brown are high quality businesses that have a large recurring component to their revenue. If the economy continues to deteriorate, the cash flow generated by these firms should not fall off a cliff like many other companies.

Top Ten Equity Holdings (% of net assets)

Securitas AB	3.2%
Bio-Rad Laboratories, Inc.	3.1%
CSG Systems International, Inc.	3.0%
Mantech International Corp.	2.9%
CoreLogic, Inc.	2.8%
Regis Corp.	2.8%
Teleflex, Inc.	2.6%
FTI Consulting, Inc.	2.5%
Core-Mark Holding Co., Inc.	2.4%
Amerisafe, Inc.	2.4%

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.

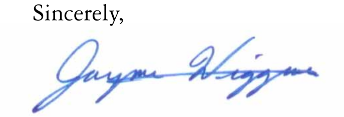
New purchases during the third quarter include Computer Sciences (ticker: CSC), Ingram Micro (ticker: IM), and Brady Corp. (ticker: BRC). Computer Sciences is a provider of IT and business outsourcing services to commercial and government clients. They generate a large amount of free cash flow, with a current FCF yield of 14%. We bought the shares at a multi-year low after the company reported poor earnings in August. Investors have punished CSC due to continued uncertainty around a large contract, but we think the underlying business is an attractive one. While CSC is experiencing current margin pressures, fundamentally it's a good business that is trading at less than 6x EV/EBIT.

Ingram Micro is the world's largest distributor of IT products. They provide a valuable service to the thousands of resellers that service small and mid-sized businesses. Ingram offers the resellers a one-stop shop for any IT product, which prevents the resellers from having to manage financing and relationships with thousands of hardware and software firms. We bought the stock at a Price to Tangible Book ratio of 0.75x. We think downside to the valuation is supported by the assets.

We established a small position in Brady Corp., which manufactures identification solutions like signs, labels, and ID cards. Brady gets 60% of sales from abroad and has increased its dividend for 26 consecutive years. While the company is more economically exposed than some of our other holdings, Brady's track record of free cash generation gives us comfort starting a position at recent levels.

We don't like to lose money, but we need market volatility in order to buy the next great portfolio idea at an attractive price. We are pleased with our recent investments, and we stand ready to deploy capital as additional bargains materialize. Thank you for your investment.

Sincerely,



Jayme Wiggins, CFA
Intrepid Small Cap 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.

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.

Cash Flow measures the cash generating capability of a company by adding non-cash charges and interest to pretax income. 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. EV/EBIT is the ratio of the firm's Enterprise Value (the market capitalization of a firm's equity plus the market value of the firm's debt) divided by the firm's trailing twelve months earnings before interest and taxes. Price to Tangible Book Value is calculated by dividing Tangible Book Value (total book value less the value of intangible assets) by the price of a security.

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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