PERFORMANCE

	Inception Date	Total Return Qtr.	Total Return YTD	Total Return 1 Year	Average Annualized Total Returns as of March 31, 2014 3 Year	5 Year	Since Inception
Intrepid Small Cap Fund - Inv.	10/03/05	2.53%	2.53%	9.71%	7.15%	17.51%	11.52%
Intrepid Small Cap Fund - Inst.	11/03/09	2.55%	2.55%	10.00%	7.40%	-	11.50%
Russell 2000 Index		1.12%	1.12%	24.90%	13.18%	24.31%	8.26%^

^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 Russell 2000 Index is 19.38%.

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 expenses (gross) for the Investor Share Class is 1.42% and for the Institutional Share Class is 1.17%. 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 1.40% and 1.15% through 1/31/15, respectively. In addition, the Fund's Advisor has contractually agreed to waive a portion of its fees and/or expenses such that the total operating expenses, excluding Acquired Fund Fees and Expenses, (expense cap) does not exceed 1.40% and 1.15% through 1/31/15, respectively. Otherwise, performance shows would have been lower.

April 1, 2014

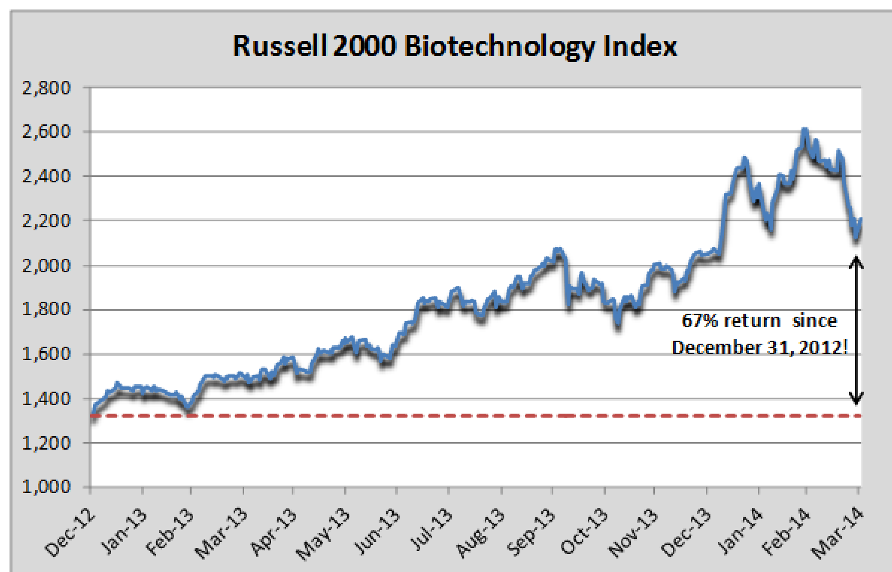
Dear Fellow Shareholders,

Thanks to a surge in small cap stocks on the last day of March, the Russell 2000 Index (the "Index") notched its seventh consecutive quarterly gain. The 1.84% jump in the Index on March 31st was the second largest daily increase for the entire three month period. Media reports attributed the end-of-quarter rally to a dovish speech by the Fed's newly-installed leader, Janet Yellen, but we think Wall Street was prepared to use any excuse to push stocks into positive territory for the first quarter. The show goes on.

In a classic scene from Star Wars, Obi-Wan Kenobi admonished Darth Vader, *"If you strike me down, I shall become more powerful than you can possibly imagine."* Since the beginning of the bull market, stocks have demonstrated an Obi-Wan resilience that has only increased in intensity. Every negative data point is quickly explained away by ardent bulls. Poor retail sales during the holiday season were attributed to a migration of shoppers to the Internet, where market share hippos like Amazon.com garner $157 billion valuations and triple digit P/E ratios. Harsh winter weather has been squarely blamed for a raft of recent weak economic data, and economists project that the demand suppressed by winter storms will snap back like a rubber band once the nation thaws. If we happen to receive more GDP-killing bad weather this month, it's no matter, as April showers bring May flowers. Stocks momentarily lost their breath in late January, on fears of the potential impact from a pullback in unprecedented Fed stimulus. However, investors were reassured that the Fed has no intention of actually shrinking its bloated balance sheet or raising short-term interest rates anytime soon. Savers be damned, cheap money is bullish for speculation.

You may have noticed recent press coverage describing underperformance in the more frothy areas of the market. Biotech stocks were called out, in particular, and the Russell 2000 Biotechnology Index ended the first quarter 15.5% off the highs. Do not be fooled. The small cap biotech index still rose 7.9% during the three months ending March 31, 2014, trouncing the returns of all major indexes. At one point in the first quarter, the Biotechnology Index was up 27.8% year-to-date. This same group of stocks skyrocketed 55% in 2013. We found 189 companies in the Russell 2000 classified as belonging to the biotechnology and pharmaceutical industries. As of April 1, 2014, these names collectively sold for $154 billion, while the group incurred an aggregate net loss of $6.6 billion over the trailing

twelve months. If past is prologue, a handful of names on this list will hit pay dirt and be acquired by a larger entity, but far more will never generate a dollar of profit and will disappear. Just for kicks, we also carved out Russell 2000 companies belonging to the Internet industry. These 78 companies traded for $64 billion with combined losses of $300 million. This list has many companies that make money, like Orbitz and Shutterfly, but more that do not, such as Yelp and Angie's List.



Top Ten Equity Holdings	(% of net assets)
Amdocs Ltd.	3.4%
Bio-Rad Laboratories, Inc.	3.0%
Newfield Exploration Co.	3.0%
Aaron's, Inc.	2.9%
Tetra Tech, Inc.	2.4%
Ingram Micro, Inc.	2.1%
Aspen Insurance Holdings Ltd.	2.0%
Corus Entertainment, Inc. - Class B	1.9%
FTI Consulting, Inc.	1.7%
Global Payments, Inc.	1.1%

Top ten holdings are as of March 31, 2014. Fund holdings and sector allocations are subject to change and are not recommendations to buy or sell any security.

The biotech, pharmaceutical, and Internet small caps together constitute about 10% of the total market capitalization of the Russell 2000. While they offer some of the clearest examples of excess, they are not outliers. The P/E of the Russell 2000 is approximately 60x today. The median free cash flow multiple for nonfinancial firms is over 50x. We believe the small cap market is broadly overvalued. A small, brief retreat, like the one we experienced through early February of this year, did little to rectify the situation. We're feeling a bit like a starved vampire, highly attuned to any signs of blood, but the small cap sunshine is never ending. And so we wait.

For the quarter ending March 31, 2014, the Intrepid Small Cap Fund (the "Fund") increased 2.53%. The Russell 2000 Index gained 1.12%. The Fund's equity holdings significantly outperformed the benchmark, as our equity-only return was 9.22% in the first quarter. However, our cash position muted overall returns. Cash was 70.9% of assets at March 31st.

The largest positive contributors to the Fund's performance in the first quarter were Newfield Exploration (ticker: NFX), Ingram Micro (ticker: IM), and World Wrestling Entertainment (ticker: WWE). The energy exploration and production company Newfield had underperformed in the fourth quarter. The stock's recovery this quarter was based on positive indications from the firm's nascent, liquids-rich Anadarko Basin plays as well as an implied disposition value for the company's Chinese assets that was larger than expected. Ingram Micro was historically a distributor of broadline IT products like PCs and peripherals, but the company is demonstrating improved performance from the distribution and servicing of higher value products, such as mobile phones. WWE was one of the market's best performing stocks in the first quarter, as investor enthusiasm about the company's TV rights and new WWE Network have reached a fever pitch.

The largest detractors to first quarter returns were FTI Consulting (ticker: FCN) and CSG Systems International (ticker: CSGS). No other positions impacted the Fund by more than 10 basis points. FTI Consulting's shares fell

sharply after management warned that margins in one of its primary segments would be permanently lower due to contract renegotiations with key personnel, who will now keep a larger portion of the revenue they generate. We did not anticipate this impact, and we have adjusted our valuation accordingly. The Street didn't like CSG Systems' 2014 guidance, but it met our expectations. CSG is a growth-challenged operator that nonetheless produces substantial free cash flow.

We fully exited our holdings of ManTech (ticker: MANT) and WWE in the first quarter. Both were long-term holdings, but they had very different outcomes. We incurred a modest loss on ManTech over our holding period. The defense IT services company had a large exposure to overseas operations in Iraq and Afghanistan, which wound down sooner than expected. More importantly, curbs on U.S. defense spending have led to increased competition and lower margins for many of ManTech's contracts. While the stock still appears cheap based on trailing earnings and free cash flow, we have become accustomed to a management team that predictably fails to meet projections. Additionally, we are concerned that management is likely to use cash flow to overpay for acquisitions in order to offset organic revenue declines.

WWE was an important and successful position for Intrepid Capital, and it has occupied a fair amount of real estate in our past quarterly letters to you. We sold out of the position by the end of January as the stock surged past our valuation. Since then, WWE's shares have continued to appreciate to all-time highs. There are two large unknowns driving the stock price: the value WWE will receive once it renews its domestic television agreements and the success of the WWE Network. We are bullish on the first and bearish on the second.

Management claims the WWE Network needs 1 million domestic subscribers to break even on an EBITDA basis, which would still leave the company $15 million per year worse off on EBIT basis. Factoring in capital spending (the "DA" in EBITDA), the true domestic breakeven is probably closer to 1.2 million subscribers. It may even be higher, since we believe management underestimated the percentage of subscription revenue WWE must share with technology partners like Apple and Roku. Each year, around 650,000 U.S. households purchase WrestleMania, WWE's signature pay-per-view event. We believe there are relatively few WWE fans who do not purchase WrestleMania but buy other WWE pay-per-views. Our guess is that there could be 800,000 households in the U.S. who have demonstrated a willingness to pay for WWE content. Therefore, we believe the company will need to enlist an additional 400,000 U.S. fans as WWE Network subscribers (~1.2 million total) just to get back to square one. We doubt it will get much better than that for the WWE Network. The current Enterprise Value for WWE is $2.14 billion. Assuming the WWE Network is valuation-neutral, the shares are pricing in more than a doubling of the company's global TV rights deals. We think WWE will register a solid increase for its domestic television rights renewal, but we do not expect the tripling that has been discussed in some media articles. Over the next two months, the company should unveil enough new information to help investors decide whether the current valuation is reasonable.

We purchased Corus Entertainment (ticker: CJR/B CN) during the first quarter. This was our first new purchase since last July. Corus owns leading specialty television networks and radio stations in Canada. TV accounts for approximately 80% of cash flow. The company derives almost half of revenue from advertising and the remainder from subscription fees and licensing. Corus's TV channels dominate the target markets for women and children. Popular HGTV programs such as *Love It or List It* and *Property Brothers* first aired on Corus's W Network in Canada. The company controls over 90% of the purchasable TV ratings points in Canada for kids. Corus is Canada's last remaining pure-play media and entertainment company. The rest have been acquired by large, vertically-integrated communication firms including Bell Canada, Rogers, and Shaw. Shaw spun off Corus in 1999, when the government encouraged the separation of television distribution and content, but the official position has since shifted back the other way. The Shaw family still controls Corus through super-voting stock.

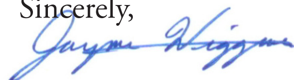
The Canadian television industry is more regulated than the U.S. One risk facing Corus is that the government mandates that cable and satellite providers offer a la carte programming, which is called pick and pay in Canada, and would allow consumers to choose which channels they pay for. The purpose of a la carte is to lower cable bills, but the primary reason for cable inflation is the sports networks, and Corus owns none of these. We expect Corus

to withstand major damage from an implementation of a la carte, since they mainly operate top specialty networks with strong viewership. While declines in distribution would negatively impact subscriber fees, the industry is likely to offset lower volume by raising per household pricing. Furthermore, the majority of Corus's earnings come from advertising revenue and premium channel subscriptions, both of which should be far less impacted by pick and pay. Nevertheless, Corus's juicy 30% operating margins could make them a potential regulatory piñata in Canada. The company benefits from genre-protection rules that protect their networks from competition but also indirectly limit their ability to raise subscriber fees. Leading U.S. specialty network owners such as AMC, Scripps, and Discovery have operating margins ranging from 28%-39% in a more market-based environment where pricing power and competition are both prevalent.

The business performed very well during the last recession, when declines in advertising revenue were offset by the launch of new networks and higher merchandising sales. In music to our ears, management recently said, *"Typically the street looks at a multiple of EBITDA…However, we believe the truest measure of shareholder value is sustainable free cash flow, because it's cash you can return to shareholders."* Corus pays a dividend yield exceeding 4% and is currently trading at 12.5x free cash flow. In Corus, we believe we have found a good business trading at a reasonable discount to fair value. We also think there is an above-average chance of a takeover. We have hedged the currency risk on this investment.

In today's market, cheap small caps seem as elusive as Bigfoot. While there are plenty of sightings (see www.bfro.net), they turn out to be bogus. We aren't sure when this market will turn, but when it does, we are ready to act. Our high cash is not a permanent feature of the Intrepid Small Cap Fund. Historically, our cash levels have grown slowly as bull markets age and then declined rapidly along with plummeting stock prices. Most recently, this occurred in the summer of 2011. Before that, late 2008. We promise to continue managing the Fund according to our philosophy of selling positions once they exceed our estimates of intrinsic value, since we firmly believe this will produce the best long-term outcome for you, our fund holders. Thank you for your investment.

Sincerely,



Jayme Wiggins, CFA
Intrepid Small Cap 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. The Fund may invest in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods.

The Advisor believes that current market conditions warrant a defensive position from the requirement to invest at least 80% of its net assets in equity securities of small capitalization companies.

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 1000 Index consists of the largest 1,000 companies in the Russell 3000 Index. The Russell 2000 Biotechnology Index is comprised of the smallest Biotechnology companies in the Russell 3000 Index. 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 subtracting capital expenditures from cash flow from operations. EBIT is calculated as the company's Earnings Before Interest and Taxes. EBITDA is calculated as the company's Earnings Before Interest, Taxes, Depreciation and Amortization. Price-to-Earnings Ratio (P/E Ratio) is an equity valuation multiple calculated as market price per share divided by annual earnings per share. Basis Point is a unit that is equal to 1/100th of 1% and is used to denote the change in a financial instrument. Gross Domestic Product (GDP) is the market value of all officially recognized final goods and services produced within a country in a year, or other given period of time.

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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