Intrepid Capital Funds
the constant pursuit of value

INTREPID DISCIPLINED VALUE FUND

2nd QUARTER 2014 COMMENTARY

2Q 2014

JUNE 30, 2014

PERFORMANCE

		Total Return			Average Annualized Total Returns as of June 30, 2014		
	Inception Date	Qtr.	YTD	1 Year	3 Year	5 Year	Since Inception
Intrepid Disciplined Value Fund - Inv.	10/31/07	1.92%	4.70%	13.61%	9.20%	13.85%	6.42%
S&P 500 Index		5.23%	7.14%	24.61%	16.58%	18.83%	5.90%
Russell 3000 Index		4.87%	6.94%	25.22%	16.46%	19.33%	6.27%

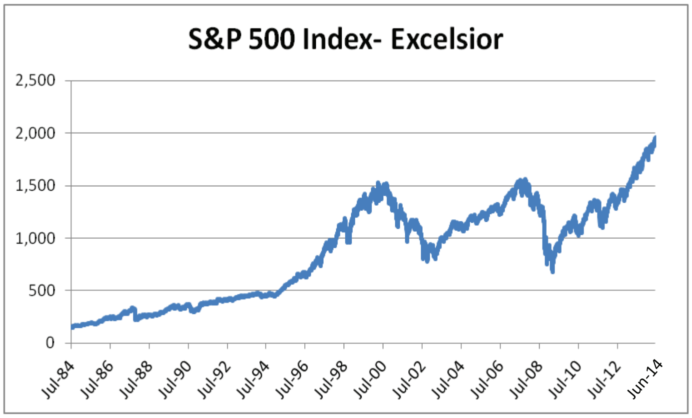
Performance data quoted represents past performance and does not guarantee future results. *Investment returns and principal value will fluctuate, and when sold, may be worth more or less than their original cost. Performance current to the most recent month-end may be lower or higher than the performance 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 expense (gross) for the Investor Shares is 1.59%. 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 1.30% through 1/31/15.

July 1, 2014

Dear Fellow Shareholders,

Readers may wonder why we have the coat of arms for the State of New York at the top of this letter. It is not because of the figures of Liberty or Justice, or for the American eagle. Rather, it is the motto which caught our eye. "*Excelsior*" is a Latin word which literally means "higher" but is more often translated as "Ever Upward." The motto is fitting for the state that is the center of the financial world. Wall Street appears to have taken the motto of its home state quite literally, pushing the S&P 500 Index into record territory. The chart to the right should visually convey what words often fail to do. The market, as measured by the commonly used S&P 500, has blown past its previous peaks from the late 90s, the era of the Internet bubble, and from the 2008 credit bubble. We are in uncharted territory, and with the exception of a small bump late in the summer of 2011, the road has been steep and steady.



Source: Bloomberg

Top Ten Holdings	(% of net assets)
Intuitive Surgical, Inc.	3.5%
Cisco Systems, Inc.	3.4%
Laboratory Corp. of America Holdings	3.1%
The Bank of New York Mellon Corp.	2.9%
Quest Diagnostics, Inc.	2.8%
The Western Union Co.	2.8%
Staples, Inc.	2.7%
Apple, Inc.	2.6%
Northern Trust Corp.	2.6%
Oaktree Capital Group LLC	2.6%

Top ten holdings are as of June 30, 2014. Fund holdings and sector allocations are subject to change and are not recommendations to buy or sell any security.

As a matter of fact, when we examine historical quarterly returns since the beginning of this bull market, we can see just how steep the increase has been. Looking back from March 31, 2009, through the end of the most recent quarter, the S&P 500 has had double-digit gains in 7 of 21 quarters. The same pattern holds true for the Russell 3000 Index, which combines the small cap Russell 2000 Index with the larger cap Russell 1000 Index. In contrast, the Intrepid Disciplined Value Fund (the "Fund") has only posted two quarters with greater than 10% gains over the same period. Of course, one of the biggest differences between the Fund and the comparative indices is that the Fund holds cash while the indices do not. This contributes to our lagging return when markets rise, but *we believe that having cash when pricing becomes favorable is critical to future investment success.* To put it another way, when prices fall, an investor who is already fully invested must sell something to buy something else that might have become attractive. By having cash, we are ready to take advantage of future opportunities. The process requires patience, but we believe that our patience will be rewarded. One thing that can be said about bull markets is that their ends are unexpected. We cannot say for certain when prices will become more favorable, but we believe that they are not in large part favorable now.

For the quarter ending June 30, 2014, the Fund returned 1.92% while the S&P 500 Index returned 5.23% and the Russell 3000 Index returned 4.87%. In a bit of a turn, it was small cap stocks that lagged in the quarter when compared to large caps. Year-to-date , the Fund returned 4.70% versus 7.13% for the S&P 500 and 6.94% for the Russell 3000. As stated above, the largest contributing factor for underperformance in both periods is cash, which was 44.9% of the Fund at quarter end.

The top contributor for the Fund was Newfield Exploration (ticker: NFX), which has continued its run-up as commodities have rallied. As a matter of fact, Newfield was the top performing stock year-to-date in the S&P 500. Rounding out our top three contributors were tech giants Apple (ticker: AAPL) and Cisco (ticker: CSCO). Apple has discussed plans for returning more capital to shareholders as well as engaging in a 7 to 1 stock split. Cisco posted 1st quarter earnings which were better than what many analysts had expected.

Our bottom three contributors were all retail-oriented: Coach (ticker: COH), American Eagle (ticker AEO), and Staples (ticker: SPLS). Each of these is a turnaround. In the case of Coach, we believe the turnaround will take longer than expected, as the company invests in a better customer experience and updating the style of its handbags and image as it transitions to a lifestyle brand. In our opinion, the market is in no mood to wait on any company. We are, and we understand that we may have to suffer some volatility in the interim. American Eagle and Staples are both retrenching, although in slightly different ways. For American Eagle, it is about catching up to changing fashion trends. We believe that this happens cyclically for many apparel retailers. In the case of Staples, retrenching means reducing its brick-and-mortar footprint by closing stores while bolstering its online presence. We believe that Staples already has an excellent business model in partnering with businesses to provide office supplies thorough its North American Contract segment.

During the quarter, we exited from a few positions, including Bill Barrett (ticker: BBG) and Tech Data (Ticker: TECD), which reached intrinsic values. We also sold Energizer Holdings (Ticker: ENR), which we had bought in the previous quarter. The company announced plans to split the business between the mature battery division, Household Products, and the more attractive Personal Care division. The market responded by pushing the stock price well above our intrinsic value estimate. On the buy side of the ledger, we added Oaktree Capital (ticker: OAK) and Teradata Corp (ticker: TDC). Oaktree is an alternative investment manager with more than $86 billion under management. Although we operate in different asset classes, we believe that Oaktree's approach to investing in distressed debt makes intuitive sense. They buy when they believe that they will be compensated for the risk. Otherwise, they will not deploy their capital. Teradata is a leader in data warehousing, which allows companies to collect, store, and analyze any type of data they might conceivably use, whether financial, inventory, or customer related. Currently, the industry is seeing their customer base delay increased spending, which has caused some stock price weakness for Teradata.

With a market that has continued to push into record-high territory, the average discount within the Fund has continued to shrink. Every quarter, we compare the stock price to our intrinsic value for each holding. The average discount at the end of the quarter was 5%. That's about as small as it has ever been. We continue to look for additions to the Fund, but the challenge of finding a good business trading for what we believe is a good price increases as the market pushes ever upward. Nonetheless, we continue to search for new ideas, and we believe that we have a solid understanding of a number of potential investments. Should stock prices pull back, we believe that we are prepared to deploy our cash.

Sincerely,

Greg Estes, CFA
Intrepid Disciplined Value 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 and medium sized 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.

Prior to April 1, 2013, the Fund was named the Intrepid All Cap Fund.

The S&P 500 Index is a broad based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general. The Russell 3000 Index is an index representing the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market. The Dow Jones Industrial Average is an unmanaged index of common stocks comprised of major industrial companies and assumes reinvestment of dividends. 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.

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