Intrepid Capital Fund

the constant pursuit of value

2nd QUARTER 2011 COMMENTARY

PERFORMANCE

Average Annualized Total Returns as of June 30, 2011

	Inception Date	3 Month	YTD	1 Year	3 Year	5 Year	Since Inception
Intrepid Capital Fund - Inv.	1/3/05	0.10%	3.53%	15.82%	11.22%	8.96%	7.08%
Intrepid Capital Fund - Inst.	4/30/10	0.08%	3.61%	16.13%	-	-	8.24%
S & P 500 Index		0.10%	6.02%	30.69%	3.34%	2.94%	3.57% ^
Russell 2000 Index		-1.61%	6.21%	37.41%	7.77%	4.08%	5.39% ^
B of A Merrill High Yield Master II Index		0.99%	4.93%	15.40%	12.39%	9.20%	7.94% ^

^Since Inception returns are as of the fund's Investor Class inception date, the Inst. Class return for the S & P 500 Index is 11.85%, Russell 2000 Index is 14.52% and B of A Merrill High Yield Master Index is 10.86%.

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 Investor Shares is 1.54% and for Institutional Class is 1.29%. 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 1.40% and 1.15% through 1/31/12, respectively. Otherwise, performance shown would have been lower.

Dear Fellow Shareholders,

The second quarter in the U.S. equity markets offered excitement but very little forward progress. A positive April for the S&P 500 was followed by negative returns in May and June for the Index. Much of the consternation surrounds the European bailout of Greece as well as a potential slowing of the U.S. economy. The Greeks as a country are the epitome of profligacy, as they have very generous benefits packages, particularly for state employees, coupled with very lax tax compliancy. In short, their expenses greatly exceed their revenues. Sound familiar? It should!

Back in the good ol' U.S.A., we too are wrestling politically with a yawning gap of expenses well north of revenues. The battle lines are drawn similar to the 30-year-old Miller Light slogan: Tastes Great, Less Filling. This time the chant from the right is "Less Expenses," and from the left "More Revenue."

For the quarter ended June 30, 2011, the Intrepid Capital Fund (the "Fund") spent most of the time treading water, finishing marginally positive for the period gaining 0.10%, net-of-fees. Coincidentally, this was the same return for the S&P 500 Index, but higher than the small cap dominated Russell 2000 Index return of -1.61%. As of June 30, 2011, the annualized one-, three-, and five-year trailing returns for the Fund were 15.82%, 11.22%, and 8.96%, respectively. For the same periods, the S&P 500 Index returned 30.69%, 3.34%, and 2.94% respectively.

The Fund seeks to participate in up markets and attempts to protect capital in down markets. Although I have referenced equity indexes (S&P 500 and Russell 2000), the Fund is seldom any more committed to the equity markets than it is today. Currently, 60% of the Fund's assets are held in stocks, approximately 30% is in short duration corporate bonds, and the balance of 10% is held in cash. Year-to-date, the Fund's return is 3.53%. This unexciting performance does not surprise me, given the current pricing for equity and debt, along with the roughly 100% improvement in equity indexes from March of 2009.

Positive contributors to second quarter performance for the Fund were Johnson & Johnson (ticker: JNJ), Dell (ticker: DELL) and Royal Gold (ticker: RGLD). In the first two cases, the companies are larger in market cap than we have typically owned, but their valuations and balance sheets made the investments compelling. Please see the Intrepid All Cap letter for a discussion on

J&J and Dell. Royal Gold has royalty interests in a number of gold mines. Since the company itself does not operate mines, it has limited operating leverage and its value should theoretically track closely to underlying gold price changes. This is especially true near current gold prices, which are far above the breakpoints where the company's royalty rates scale down. We view this stock as a lower risk way to hedge against government money printing, compared to gold mining companies. Early in the year, Royal Gold's stock underperformed the precious metal, but recently it has recouped most of the difference.

Detractors for the period were Potlatch Corp. (ticker: PCH), Regis Corp (ticker: RGS), and Home Retail Group PLC (ticker: HOME LN). We added to these positions as the share prices temporarily swooned in mid June. Potlatch is a timber REIT that is trading at a discount to NAV. We perceive it as another hedge against inflationary policies. An ultimate recovery in the housing market will increase demand for the company's timber. The Intrepid Small Cap letter reviews Regis in more detail. Home Retail Group is the largest general merchandise retailer in the U.K. Government austerity measures are having a negative impact on the company, which sells a large amount of discretionary items like toys, jewelry, TV's, computers, and home improvement products. The firm is also facing competitive pressures from supermarkets like Tesco and Asda, which are increasingly selling non-food merchandise. We do not expect near-term relief, but Home Retail's stock is trading at a low multiple of trailing and forward earnings. The 9% dividend yield will probably be reduced, but we expect Home Retail to continue to generate an attractive cash flow stream. Additionally, we believe the company could extract value by monetizing its large credit card receivables portfolio, similar to what Target (ticker: TGT) has previously done.

Top Ten Holdings (% of net assets)

Johnson & Johnson	2.8%
Newmont Mining Corp.	2.5%
Regis Corp.	2.5%
Microsoft Corp.	2.5%
Berkshire Hathaway, Inc. - Class B	2.5%
Dell, Inc.	2.2%
FTI Consulting, Inc.	2.1%
Collective Brands, Inc. 8.250%; 8/01/13	2.1%
American Greetings Corp. 7.375%; 6/01/16	2.1%
Amerisafe, Inc.	2.0%

Top ten holdings are as of June 30, 2011. Fund holdings and sector allocations are subject to change and are not recommendations to buy or sell any security.

Thank you for your continued support.

Best regards,

Mark F. Travis
President
Intrepid Capital Fund Portfolio Manager

The Fund is subject to special risks including volatility due to investments in small- and mid-cap stocks, high yield securities and is considered non-diversified as a result of limiting its holdings to a relatively small number of positions. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer term debt securities. Investments by the Fund in lower-rated and non-rated securities present a greater risk of loss to principal and interest than higher rated securities.

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 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 Russell 2000 Index consists of the smallest 2,000 companies in a group of 3,000 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 (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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