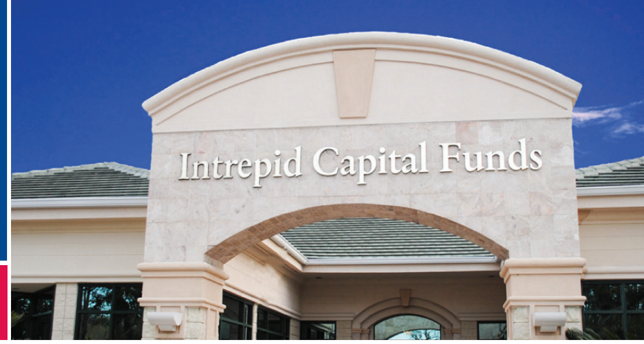
Intrepid Capital Fund

Discipline Makes the Difference.



4th QUARTER 2013 COMMENTARY

PERFORMANCE

Average Annualized Total Returns as of December 31, 2013

	Inception Date	3 Month	YTD	1 Year	3 Year	5 Year	Since Inception
Intrepid Capital Fund - Inv.	1/3/05	4.65%	14.63%	14.63%	9.14%	14.61%	7.75%
Intrepid Capital Fund - Inst.	4/30/10	4.63%	14.84%	14.84%	9.39%	-	9.30%
S & P 500 Index		10.51%	32.39%	32.39%	16.18%	17.94%	7.13%^
Russell 2000 Index		8.72%	38.82%	38.82%	15.67%	20.08%	8.30%^
B of A Merrill High Yield Master II Index		3.50%	7.42%	7.42%	9.03%	18.65%	8.18%^

^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 S&P 500 Index is 15.28%, Russell 2000 Index is 15.68%, and B of A Merrill Lynch High Yield Master II Index is 9.45%.

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 1.45% and for the Institutional Class is 1.20%. 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 1.41% and 1.16% through 1/31/14, respectfully. In addition, the Fund's Advisor has contractually agreed to waive a portion of its fees and/or reimburse expenses such that the total operating expense, excluding Acquired Fund Fees and Expenses, (expense cap) does not exceed 1.40% and 1.15% through 1/31/14, respectfully. Otherwise, performance shown would have been lower.

January 15, 2014

"If your outflows exceed your inflows, your upkeep will be your downfall."
- Dennis Ng

Dear Friends and Clients,

The equity markets rose strongly in the quarter ended December 31, 2013, with returns ranging from 8-11%, or roughly equal to the long term annual average of the market. The Intrepid Capital Fund (the "Fund") participated, returning 4.65% for the quarter and 14.63% for the calendar year, but not at the rapid rate of the equity indexes. We know this may be redundant to some of you, but in our professional opinion, prices of stocks and bonds are high. Unfortunately, we find ourselves in an environment where consideration of potential risks is given little thought. As is often said about the weather, stick around this will change. When volatility is low and the water is calm, a portfolio manager needs to be even more vigilant in detecting dangers lurking below the surface. Speaking of below the surface, who knew we had great white sharks near the shore of Florida's First Coast in the winter time? For the surfers at Intrepid, this is certainly a new risk to consider!

Back to the topic at hand. We know it may frustrate some of you that we are not "keeping up" in this environment of artificially supported financial markets, courtesy of the Federal Reserve. With the exception of extremely oversold market environments, such as March of 2009, we would not expect our performance to match the equity indexes. This presents us with an opportune time to reiterate our process. All Intrepid portfolios pursue absolute return strategies. This means that we will not deploy capital into overvalued securities just because they may look "cheap" relative to the alternatives. **We will only purchase a security that we deem to be undervalued when viewed on its own merits.** In the absence of such a security, we default to cash. We maintain a very strict sell discipline across our portfolios, exiting positions when securities meet our estimates of intrinsic value. Our criteria for purchases are equally disciplined. In times when markets have been rising quickly (now), this strategy frequently results in the sale of shares during a time when replacement ideas are scarce, leading to higher cash balances. The resultant conservative posturing often leads to short-term underperformance when markets continue to rally. However, we firmly believe risk aversion is paramount in the current environment, and we will continue to manage the Fund with this in mind. We would not be performing our fiduciary duty to you by forcing capital into overvalued securities. As we patiently wait for a period ripe with investment bargains, we are diligently adding to our "shopping list" and are prepared to deploy capital when opportunities present themselves.

Top Ten Holdings	(% of net assets)
The Bank of New York Mellon Corp.	3.2%
World Wrestling Entertainment, Inc.	3.2%
Northern Oil and Gas, Inc., 06/01/2020, 8.000%	3.0%
Berkshire Hathaway, Inc. - Class B	3.0%
FTI Consulting, Inc.	2.9%
Bio-Rad Laboratories, Inc.	2.7%
Newfield Exploration Co.	2.7%
The Western Union Co.	2.5%
Big Lots, Inc.	2.5%
Ingram Micro, Inc.	2.3%

Top ten holdings are as of December 31, 2013. Fund holdings and sector allocations are subject to change and are not recommendations to buy or sell any security.

Looking ahead to 2014, I see several obstacles that could potentially introduce some volatility to the markets and/or derail the economy. As a business owner, I want to bring your attention to the issues I see in the Affordable Care Act. Healthy males 25 – 35 years old are very unlikely to participate in the new mandated Gold, Silver and Bronze health plans. These offerings are very expensive relative to what had previously been available and what consumers have been willing to purchase. The Affordable Care Act needs about three million of these "young invincibles" to sign up in order to subsidize the bigger consumers of healthcare; citizens 55 years and older. We are asking these "young invincibles" earning $25,000 to $35,000 a year to pay $5,000 annually for a plan with a $2,000 deductible. I, for one, don't see this happening. To add insult to injury, the law also mandates that the 55 and older crowd can only be charged 3X what the younger group is charged. As an employer of 17 hard-working people, I suspect our health insurance renewal on August 1st will give me heartburn.

Reviewing the performance of individual securities, World Wrestling Entertainment (ticker: WWE), Bank of New York Mellon (ticker: BK), Global Payments (ticker: GPN), and The Pantry (ticker: PTRY) were the largest contributors to the Fund's performance in the fourth quarter. WWE's stock price was up 110% in 2013 with the vast majority of this increase coming in the fourth quarter. Investors seem to be appreciating the ramp in earnings from depressed levels that may take place when WWE renews its television contract. Currently, WWE is paid below market rates, and we believe there is a very good chance its new contract will include more competitive rates. Bank of New York Mellon's large asset management business continued to grow with AUM (Assets Under Management) up 13% year over year. We believe that BK stock can outperform as rates increase and spreads widen from all time lows. Despite low rates, the company has been able to hold expenses in check and perform relatively well. We view this holding as a play on higher interest rates. Global Payments' stock hit all-time highs in the fourth quarter following positive earnings results. The stabilization of GPN's Canadian business along with transaction volume improvement in higher margin geographies has resulted in significant multiple expansion to a level closer to its peers. We completely exited our position in The Pantry late in the fourth quarter when the stock hit our estimate of intrinsic value. The gas station and convenient store operator has struggled, along with the entire industry, with lackluster fuel volume. Despite cyclical headwinds, PTRY managed to increase gross income and pay down $125 million of debt during the time we owned the stock.

Big Lots (ticker: BIG), Newfield Exploration (ticker: NFX), and Western Union (ticker: WU) were our largest detractors in the fourth quarter. Big Lots posted yet another quarter of negative same store sales causing a large drop in the share price. We believe the new CEO has a reasonable plan to stabilize sales, but the company is currently going through some growing pains. As the focus now shifts to getting the best performing categories right, like furniture, we believe same store sales should begin to show some life. The stock is currently trading at a significant discount to peers and the company has considerable real estate value (about $10 per share), which may provide some downside protection. Newfield Exploration posted solid third quarter results and announced an asset sale in early November. The stock reacted favorably to this announcement. However, when NFX updated its three-year production plan in December the shares sold off sharply. We were a bit surprised by this since the update was only a minor shift from last year's plan. We believe the stock continues to be significantly undervalued, and we used the weakness in share price as an opportunity to add to our position. Western Union's stock price suffered throughout the quarter, initially falling after third quarter earnings were released in October. While the business's performance was satisfactory, the company announced that they are expecting increased compliance costs in 2014, and due to this, operating profits are not expected to grow. We feel that the market overreacted and believe higher compliance costs increase the barriers to entry for this industry.

Thank you for your continuing support and entrusting your hard earned capital to us.

Best regards,

Mark F. Travis
President
Intrepid Capital 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. 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.

Absolute return strategies are not designed to outperform stocks and bonds during strong market rallies.

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 U.S. companies in the Russell 3000 Index, as ranked by market capitalization. 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. 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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