Intrepid Disciplined Value Fund

Discipline Makes the Difference.

3rd QUARTER 2013 COMMENTARY

PERFORMANCE

Average Annualized Total Returns as of September 30, 2013

	Inception Date	3 Month	YTD	1 Year	3 Year	5 Year	Since Inception
Intrepid Disciplined Value Fund - Inv.	10/31/07	4.32%	13.95%	14.27%	10.45%	9.71%	5.73%
S & P 500 Index		5.24%	19.79%	19.34%	16.27%	10.02%	3.67%
Russell 3000 Index		6.35%	21.30%	21.60%	16.76%	10.58%	4.18%
Dow Jones Industrial Average		2.12%	17.64%	15.59%	14.94%	9.93%	4.28%

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 1.60%. 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% through 1/31/14.

October 1, 2013

"Remain calm…all is well!"

Dear Fellow Shareholders,

The first nine months of 2013 have been great for equity investors. With the Dow Jones Industrial Index up 17.6%, the Standard & Poor's 500 Index up 19.8%, and the Russell 3000 Index up 21.3%, all in just nine months, one might be excused for simply assuming that all is well in the U.S. economy. Indeed, Federal Reserve Chairman Ben Bernanke has been playing the role of *Animal House's* Chip Diller, shouting to market investors, "Remain calm, all is well!" And yet, the Fed has decided to forgo its earlier summer decision to taper its purchase of bonds on concerns of economic weakness. Corporate earnings growth has largely come not from revenue growth, but from cost cutting and tax strategies. In our view, stock prices have pulled ahead of profits. The Shiller PE, which compares stock prices to the ten-year earnings average, stands at 24.25, which is more than 50% above the long-term median multiple of 15.89 times. In addition, Congress cannot agree on funding government spending, which in and of itself does not seem to bother markets. However, the likelihood that Congress will come to an agreement on raising the debt ceiling seems to be diminishing, and that might be a greater cause for worry among investors. All in all, we think that the market's level today is unwarranted given the earnings and uncertainty present.

For the quarter ended September 30, 2013, the Intrepid Disciplined Value Fund ("the Fund") returned 4.32% in comparison to the S&P 500's return of 5.24% and the Russell 3000's return of 6.35%. For the full fiscal year, the Fund returned 14.27% in comparison to the S&P 500's return of 19.34% and the Russell 3000's return of 21.60%. The Fund captured roughly 68% of the return of the Russell 3000 Index for the quarter and two-thirds of the same index's return for the fiscal year. This has occurred in an environment in which cash levels for the Fund have steadily increased over the twelve-month period. On September 30, 2012, the cash position was 29.9%. By September 30, 2013, the cash position was 59.1% - almost double what it was to start the fiscal year. We think this is an incredibly challenging period to find attractively priced businesses.

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Top Ten Equity Holdings	(% of net assets)
FTI Consulting, Inc.	4.1%
Telephone & Data Systems, Inc.	3.4%
Newfield Exploration Co.	3.0%
Bill Barrett Corp.	3.0%
Bio-Rad Laboratories, Inc.	2.8%
Global Payments, Inc.	2.7%
World Wrestling Entertainment, Inc.	2.5%
Microsoft Corp.	2.0%
Ingram Micro, Inc.	2.0%
The Bank of New York Mellon Corp.	1.9%

Top ten holdings are as of September 30, 2013. Fund holdings and sector allocations are subject to change and are not recommendations to buy or sell any security.

Given the increasing cash level in the Fund, it should come as no surprise that most of the activity in the quarter came from sales. We sold Western Union (ticker: WU), SAI Corp (ticker: SAIC) and Staples (ticker: SPLS) when they reached our intrinsic valuations. Dell (ticker: DELL) was sold just prior to the vote on the buyout offer, because we believed that, given the stock's price near the buyout level of $13.75 and the recent court ruling authoring the voter record date change, there was little likelihood for the deal to be voted down. We decided to exit the position with the possibility to repurchase should the deal not pass. However, that is all history as Michael Dell was successfully able to stack the vote in his favor and get it approved. The final two positions sold in the quarter were Pan American Silver (ticker: PAAS) and Tellabs (ticker: TLAB). We sold these ahead of the close of the fiscal year to realize capital losses to offset some of the gains incurred through the year. We replaced our silver position with a basket of precious metals companies to maintain exposure within the Fund: Newmont Mining (ticker: NEM), Royal Gold (ticker: RGLD), Coeur Mining (ticker: CDE), and AuRico Gold (ticker: AUQ).

During the quarter, the Fund's worst performers were Pan American Silver, which, along with most other precious metals companies, has been punished by the market. Microsoft (ticker: MSFT) was another poor performer in the quarter. The stock began the quarter selling off on a weak quarterly earnings report led by poor sales of its Surface tablet. By mid-August, Microsoft appeared to recover when it was announced that Steve Ballmer would likely step down in twelve months as CEO. However, only two weeks later, its announcement of purchasing Nokia (ticker: NOK) for €5.44 billion (about $7.3 billion) removed any positive push to the stock. Perhaps Microsoft could look into how to better manage the dissemination of information to the markets. Finally, Northern Trust (ticker: NTRS) sold off after a weaker-than-expected quarterly report that saw higher expenses which in turn led to a reduced operating margin.

The three top performers in the quarter were Bill Barrett (ticker: BBG), Telephone & Data Systems (ticker: TDS), and Ingram Micro (ticker: IM). Bill Barrett benefitted from some price recovery in crude oil during the quarter. Ingram Micro exceeded market expectations when it announced earnings in late July, which propelled the stock. In the case of Telephone and Data, we believe that the stock price moved less so because of the quarterly announcement than due to speculation once again of acquisition of certain pieces of the business, if not of the entire company. This speculation comes on the heels of some other telecom mergers and acquisitions (M&A), namely T-Mobile's purchase of MetroPCS and AT&T's proposed acquisition of Leap.

At the close of the quarter, the average discount within the Fund was 15%. Because we estimate our own internal values for each stock within the Fund, we can compare those values with their corresponding stock prices to calculate the discount for each position. Citing the average discount then gives you some idea of the level of discounts prevalent within the Fund. Today's average discount is rather low. When it is viewed in light of current cash levels, it indicates both that the general level of stock prices is high and that cheaply priced investment opportunities are becoming scarce.

Despite the dearth of value opportunities, we will not stop searching for value. We continue to hunt for quality companies that might meet our requirements. In cases where the companies are not cheap enough, we do not feel like we have wasted our time. We keep them in our figurative back pocket, knowing that someday, the market should give us an opportunity to buy them. We thank you for your confidence in our investment approach.

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.

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.

Margin of safety is a principle of investing in which an investor only purchases securities when the market price is significantly before its intrinsic value.

Opinions expressed are subject to change, are not guaranteed and should not be considered investment advice or recommendations to buy or sell any security.

The Intrepid Capital Funds are distributed by Quasar Distributors, LLC.