Intrepid Small Cap Fund

Discipline Makes the Difference.

1st QUARTER 2012 COMMENTARY

PERFORMANCE

Average Annualized Total Returns as of March 31, 2012

	Inception Date	3 Month	YTD	1 Year	3 Year	5 Year	Since Inception
Intrepid Small Cap Fund - Inv.	10/3/05	5.23%	5.23%	3.73%	23.63%	12.30%	12.34%
Intrepid Small Cap Fund - Inst.	11/3/09	5.26%	5.26%	3.96%	-	-	13.47%
Russell 2000 Index		12.44%	12.44%	-0.18%	26.90%	2.13%	4.74%^

^Since Inception returns are as of the fund's Investor Class date. Since the inception date of the Institutional Class, the annualized return of the Russell 2000 Index is 18.43%.

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 less than 30 days. 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 1.46% and 1.21% for the Institutional Share class. The Fund's Advisor has contractually agreed to waive a portion of its fees and/or reimburse expenses such that the total operating expenses (excluding Acquired Fund Fees and Expenses) do not exceed 1.40% and 1.15% through 1/31/13, respectively. Otherwise, performance shown would have been lower.

April 5, 2012

Dear Fellow Shareholders,

Like a tired dog, Wall Street is accustomed to walking around in circles. Instead of writing this letter, we almost re-posted the commentary from last year's first quarter. Little has changed since then, even though the market has bounced around quite a bit. Through the first three months of 2012, the Intrepid Small Cap Fund (the "Fund") gained 5.23% versus a 12.44% increase for the Russell 2000 Index. During the Fund's fiscal six month period ending March 31, 2012, the Fund rose 14.54%, while the Russell 2000 gained 29.84%. We have trailed small cap benchmarks during this upswing, much like we did in last year's early ramp. The reasons are basically the same. Small caps are back to all-time highs and undervalued securities are scarce. As a result, our portfolio consists of lower beta holdings and a large amount of cash.

Cash and equivalents equaled 47% of Fund assets at March 31, 2012. According to the Investment Company Institute, the average equity mutual fund has 3.6% of assets in cash, which is close to a historical low. A record high level of cash for the fund industry of almost 6% was reached in early 2009. That was the one time since the inception of the Intrepid Small Cap Fund that we held less cash than our peers. Our cash has returned to 2007 levels because the small cap opportunity set is similarly constrained. Unlike then, when we earned 5% in Treasury bills, the Federal Reserve has eliminated the returns from owning risk-free investments. By punishing savers and promoting higher stock prices, the Fed hopes to create a virtuous circle of consumer and corporate confidence. Why own a risk-free Treasury that pays nothing if an investment grade bond yields 3%? Why accept a high grade coupon of only 3% if junk bonds yield 7%? Why settle for below investment grade debt at 7% if stocks have increased 9% annually over the "long run"? The logic of the slope of relative returns is very slippery. Pitfalls abound.

Although certain European economies are worse off than the U.S. is today, America isn't an economic oasis. Unfortunately, the short-term impact of doing the right thing by reducing spending is politically unpalatable. Today, the front page headline on The Wall Street Journal reads, "Markets Fear End of Stimulus." Investors shouldn't be trading on hopes of unsustainable government intervention, but it has existed for so long now that it's difficult to discern how our economy would look standing on its own two feet. What would happen to the collective top line of Corporate America if our government had a balanced budget? To what extent has the decades-long decline in interest rates given a tailwind to borrowers?

There were rumblings of margin pressure in the fourth quarter, but corporate profitability remains near peak levels. Some market participants claim that small cap margins, in contrast to large caps, are not yet back to the record highs of 2006. Based on our internal analysis, this is false. The median operating margin for non-financial companies in the Russell 2000 was 6.8% in 2011 and 7% in 2006. The market cap weighted average margin was 10.2% and 10.1% in 2011 and 2006, respectively, excluding outliers. Larger companies in the small cap index have higher profitability. Financials were excluded from the data because interest is a component of their operating profit. The margins of financial companies, namely banks, have fallen significantly since the housing bubble.

Some in the investment community claim that there have been structural changes in the economy (e.g. technology, globalization) that permit higher margins than were historically attainable. The economy has shifted from manufacturing toward services over the years. One can make the case that since service businesses generally require fewer assets than manufacturing businesses, the economy's steady state margin should actually be lower, not higher. Competition drives down returns toward the cost of capital. The return on capital is the product of unlevered after-tax margins and invested capital turnover (operating margin * [1 – tax rate] * [sales/invested capital]). Therefore, if the economy becomes more asset light (i.e. invested capital declines), margins for companies without a sustainable competitive advantage should be competed downward. We believe small company margins are as high as they've been in a long time and expect them to eventually contract.

The Fund's largest contributors during the first quarter included many of the same companies that fell furthest in the preceding quarter. The three stocks adding the most to the portfolio's return were Federated Investors (ticker: FII), Computer Sciences (ticker: CSC), and CoreLogic (ticker: CLGX). Federated's stock previously suffered from the specter of SEC regulation of money market funds, as well as the Fed's pledge to keep interest rates near zero through 2014. Speculation has grown that the SEC committee charged with proposing money fund reforms is leaning in the direction of less harsh regulation. Additionally, the market has started to doubt that interest rates will remain at zero for another two years. These developments helped drive Federated's shares up 48% in the quarter, adding 1% to the Fund's overall return.

We opined in last quarter's letter that Computer Sciences was "broadly hated" and believed the shares were attractive. The stock received a nice bounce in early February as the firm simultaneously announced earnings and the appointment of Mike Lawrie as CEO. Lawrie has a successful track record of turning around troubled firms, and the resignations of CSC's former CEO and CFO could help restore credibility to the management team. The company's earnings report was weak, but bookings were strong. CSC also is making progress in its negotiations with the U.K. National Health System. This contract has dogged the firm for years and clarity would be welcomed by investors.

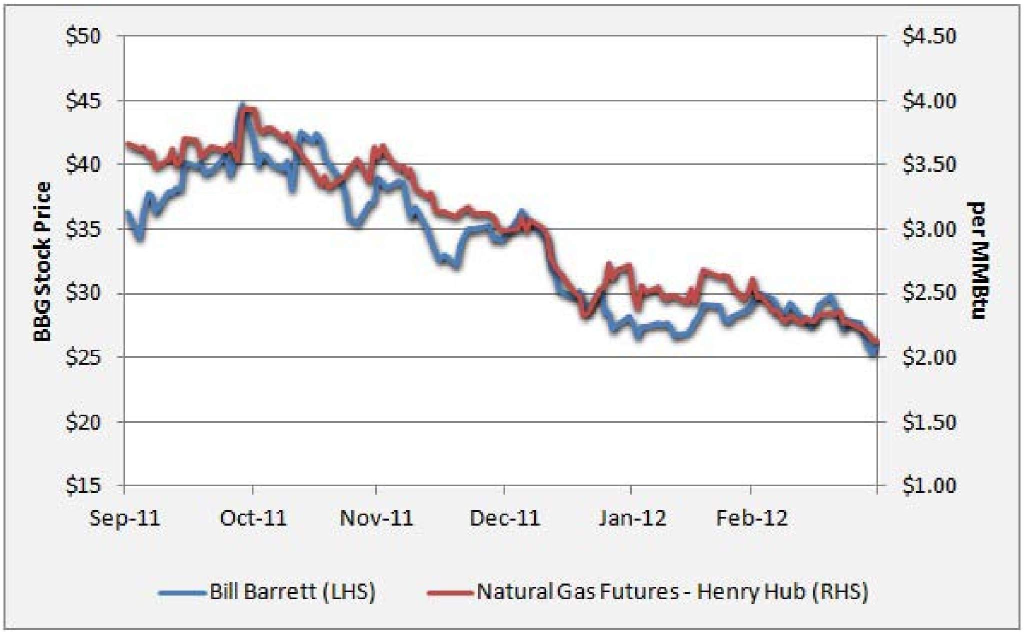
Top Ten Equity Holdings (% of net assets)

Bio-Rad Laboratories, Inc.	3.0%
Bill Barrett Corp.	2.9%
CSG Systems International, Inc.	2.8%
ManTech International Corp.	2.5%
EPIQ Systems, Inc.	2.4%
Securitas AB	2.3%
Teleflex, Inc.	2.2%
American Greetings Corp.	2.1%
Aspen Insurance Holdings Ltd.	2.1%
Potlatch Corp.	2.0%

Top ten holdings are as of March 31, 2012. Fund holdings and sector allocations are subject to change and are not recommendations to buy or sell any security.

CoreLogic was the Fund's third largest gainer in the first quarter. The stock has been highly volatile over the past year, and we have taken advantage of these movements to resize our position. For example, CoreLogic was briefly a 4% weighting and the Fund's largest holding last August, before the company announced it was examining strategic alternatives. In Q1, CoreLogic said its strategic review was complete and the firm plans to remain independent. To the surprise of many, the stock rallied on this news, which was accompanied by solid guidance for 2012. As CoreLogic, Federated, and CSC have approached their intrinsic values, we have reduced the positions.

Bill Barrett (ticker: BBG) was the Fund's only major detractor in the quarter. This position negatively impacted the Fund's return by 65 basis points. Bill Barrett's stock has been hammered by the lowest natural gas prices in ten years. The Wall Street Journal even speculated recently that natural gas prices will turn negative this summer (March 28, 2012: "Why Natural Gas Prices Could Fade to Red"). There's no denying that natural gas inventories are bloated and prices are in the gutter. We do not expect natural gas prices to stay at existing low levels. There is no incentive for E&P companies to drill for new gas today, and we are fast approaching the point when operators will take a loss producing already developed reserves. We expect supply to fall and demand to gradually increase. Nevertheless, our investment thesis for Bill Barrett does not depend on a sharp rebound in natural gas prices back to the averages of recent years. While Bill Barrett is clearly perceived as a natural gas company (see chart below), approximately half of its revenue comes from oil and natural gas liquids, which are priced at a premium to dry gas. Ultimately, we believe that investors will recognize that Bill Barrett has substantial "wet" assets that are more highly valued in today's market. We more than doubled our ownership in Bill Barrett's stock during the quarter as the shares fell 23%.



Per MMBtu = per 1 Million Btus

Source: Intrepid

New purchase activity was limited in the first quarter. We bought small positions in Amdocs (ticker: DOX) and Pan American Silver (ticker: PAAS). Amdocs is the world's leading provider of billing and customer care solutions to the communications industry. It is a high-quality business that generates substantial free cash flow and possesses a pristine balance sheet. Pan American is a silver miner that we have previously owned. Over the past two years, the price of silver has doubled while Pan American's stock has slightly declined. The stock trades for 5x operating income. Shares have fallen because of reduced expectations for another round of money printing by the Fed. In theory, no more quantitative easing should lower inflation expectations. In our opinion, the Fed's money printing antics are not over. Pan American Silver provides a small hedge against the possibility of increased inflation. We will not claim to know the fair value for an ounce of silver, but our Pan American valuation assumes a normalized silver price that is well below recent levels.

During the quarter, we sold our holdings of ICU Medical (ticker: ICUI), Oshkosh (ticker: OSK), Scholastic (ticker: SCHL), Standard Parking (ticker: STAN), and Total Systems Services (ticker: TSS). Each of these stocks crossed fair value. Scholastic's rise was more company-specific than the others, as the success of The Hunger Games gave a temporary boost to earnings.

Lower-quality stocks have outperformed this year. We don't believe that increasing portfolio risk is prudent at current market valuations. We have a long shopping list of companies we want to own at the right price. While bargains are limited today, the sentiment of the market can change rapidly. We are well-positioned to capitalize when this occurs. 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 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. 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 adding non-cash charge (e.g. depreciation) and interest expense to pretax income. Beta measures the sensitivity of rates of return on a fund to general market movements. Market Cap is the market price of an entire company, calculated by multiplying the number of shares outstanding by the price per share. Basis Point is a unit that is equal to 1/100th of 1% and is used to denote a change in a financial instrument.