Intrepid Small Cap Fund

Discipline Makes the Difference.

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 Small Cap Fund - Inv.	10/3/05	-0.36%	2.82%	21.41%	19.25%	14.91%	13.27%
Intrepid Small Cap Fund - Inst.	11/3/09	-0.30%	2.93%	21.71%	-	-	17.17%
Russell 2000 Index		-1.61%	6.21%	37.41%	7.77%	4.08%	5.11%^

^Since Inception returns are as of the fund's Investor Class inception date, the Inst. Class return for the Russell 2000 Index is 26.77%.

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.*

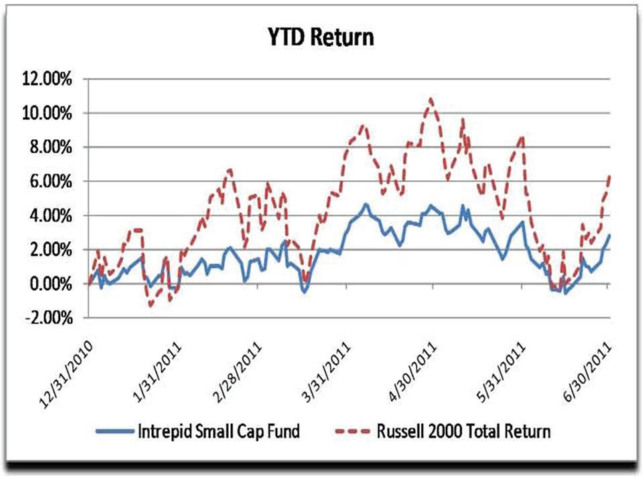
Per the Prospectus, the Fund's annual operating expense (gross) for the Investor Shares is 1.51% and 1.26% for the Institutional Share class. The Fund's Advisor has contractually agreed to waive a portion of its fees and/or reimburse expenses such that the total operating expenses (excluding Acquired Fund Fees and Expenses) do not exceed 1.40% and 1.15% through 1/31/12, respectively.

Dear Fellow Shareholders,

The 2011 stock market has rekindled childhood memories of Mr. Toad's Wild Ride at Disney World. For those unfamiliar with this particular ride, it involved sudden turns where the vehicle lunged at full speed toward some obstacle that moved away at the last moment. Like this Disney attraction, today's stock market has an answer for every problem and swiftly steers around any bad news thrown its way. War in Libya? That country is too small to affect the global economy. Commodity inflation? It will subside (Bernanke promises). Japanese tsunami? The rebuilding will boost growth (the classic broken window fallacy). Weak U.S employment? Who cares, corporate profits are robust (never mind unsustainably high margins)! Greek default? Bailout! Note to Europe: Wear thick shoes the next time you kick that rusty can down the road or you are likely to get tetanus.

On April 29th, the Russell 2000 reached an all-time high and was up over 10% year-to-date. By mid-June, the index was in negative territory. Yet, the quarter end markup phenomenon was in full force, with major indexes notching their biggest weekly gains in two years to close out the second quarter. The Intrepid Small Cap Fund (the "Fund") returned -0.36% during Q2 versus -1.61% for the Russell 2000 Index. Year-to-date through June 30th, the Intrepid Small Cap Fund is up 2.82% compared to a 6.21% gain for the Russell 2000.

We continue to hold a high percentage of the portfolio in cash and short-term Treasuries, which comprised 37.5% of assets as of June 30, 2011. We are not attempting to time the market. Cash is a function of the number of available discounts we can find. We will not invest your money in securities we believe are overvalued, even if they are "relatively" undervalued. Our large cash position has reduced the volatility of the Fund this year (see chart below). While cash will depress returns in rising markets, we believe our valuation-driven process has demonstrated the merits of having capital available when discounts truly become attractive, like in the fall of 2008.



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Once again, the largest positive contributor to Fund performance in the quarter was Aaron's (ticker: AAN). Although Aaron's has been "the gift that keeps on giving" in 2011, we believe large future gains are unlikely and have scaled down the position. The second and third largest gainers were Bill Barrett Corp. (ticker: BBG) and Core-Mark (ticker: CORE). Bill Barrett is a low-cost producer of natural gas and oil and has attractive growth opportunities, but the stock's recent run up has eliminated most of the discount. Core-Mark is the nation's second largest distributor to convenience stores. It was one of the weakest performing Fund holdings last quarter, and we think the stock is just now catching up with the broader market.

Top Ten Equity Holdings (% of net assets)

CSG Systems International, Inc.	3.1%
Mantech International Corp.	2.9%
Core-Mark Holding Co., Inc.	2.8%
Regis Corp.	2.7%
Teleflex, Inc.	2.6%
FTI Consulting, Inc.	2.6%
Securitas AB	2.6%
Scholastic Corp.	2.4%
Total System Services, Inc.	2.3%
Amerisafe, Inc.	2.3%

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.

The portfolio holdings with the greatest negative impact in the second quarter were Regis (ticker: RGS), CSG Systems (ticker: CSGS), and CoreLogic (ticker: CLGX). In our opinion, Regis has operationally underperformed the hair salon industry but has an opportunity to reverse negative sales trends with smarter pricing and through better management of customer data. CoreLogic faces a housing market that may be near trough conditions. Given that refinancing activity has been pulled forward by record low interest rates, we do not foresee a sharp rebound for the company but do envision brighter days ahead. CoreLogic is only partially reliant on the housing market, and we believe investors are undervaluing its unique data assets and analytical resources. Lastly, we remain comfortable with our position in CSG Systems. We recognize that the firm has customer concentration risk, but CSG is trading for approximately 6x 2011 operating income.

There was limited activity on the purchase front in the second quarter. In June, the market selloff began to produce a couple of small cap opportunities. Yet, we were not able to acquire much of a position before these rebounded. One name we have acquired a small stake in is WWE (ticker: WWE), which was formerly known as World Wrestling Entertainment. WWE is a content-based company that produces live wrestling events around the world. It monetizes these events through ticket sales, television rights fees, pay-per-view revenue, and via other channels such as video game royalties. WWE's Monday Night Raw on USA is the longest running weekly entertainment show on television, and ratings for this program have remained strong. WWE had been paying a dividend that far exceeded cash flow for a few years, but it recently reduced the payout to a sustainable rate (~5% current yield). This fueled the drop in the stock price. Although WWE has experienced pressure from lower pay-per-view sales, we expect its television contract to support earnings growth for several years.

We entered into a yen forward contract in the second quarter to hedge our Japanese currency exposure. Our reason for hedging is not based on optimism for the U.S. dollar. When a stock reaches intrinsic value, we sell. The holding period could be short or long, and the exchange rate underlying our foreign equity investment can change dramatically during that time. Since our job is to pick stocks, not currencies, we decided to hedge. Foreign stocks comprise around 5% of Fund assets.

We believe the market must drop before we will find a significant number of new small cap ideas. We will do our best to minimize your investment whiplash as we work through future periods of volatility. Our goal is to produce an attractive risk-adjusted return over a full market cycle. Eventually, we will experience the downward leg of this cycle, and we will use that period as an opportunity to plant the seeds of future returns. Thank you for your investment.

Sincerely,

Jayme Wiggins

Jayme Wiggins, CFA
Intrepid Small Cap 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 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 (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.

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