Value Investor Insight
The Leading Authority on Value Investing
March 31, 2023

Back to Basics

Matthew Fine of Third Avenue Management describes how he's tried to recapture his firm's founding (and highly successful) strategy, what thematic tilts are evident in his bottom-up portfolio, what it means to him to be an active manager, and why he's positive today on the investment prospects for Bank of Ireland, Capstone Copper and Warrior Met Coal.

INVESTOR INSIGHT

Matthew Fine
Third Avenue Management

In taking over the Third Avenue Value Fund in late 2017 Matthew Fine had a clear goal in mind – return the fund to the contrarian strategy made famous by firm founder Marty Whitman, who described it simply as seeking out opportunities that were "safe and cheap." Fine recast the portfolio with that in mind – "We're not in the business of paying fair prices for great businesses," he says – increasing non-U.S. exposure and moving down the market-cap spectrum.

So far so good: Over the past five years the fund has earned a net annualized 9.0%, vs. 5.5% for the MSCI World Value Index. Seeing plenty today of interest, he's finding unrecognized upside in such areas as industrial metals, metallurgical coal and European banking.

You've spoken about bringing the Third Avenue Value Fund back to its roots when you became its portfolio manager in 2017. Describe what that meant.

Matthew Fine: It was about bringing the investment philosophy more clearly back to what Marty Whitman [the founder of Third Avenue] had put in place when the Value fund was started in 1990. The strategy is based on the thoughtful, opportunistic pursuit of contrarian and special-situations opportunities where we're looking for large discounts to what we consider conservative estimates of net asset value. We care far more about the price we pay than we do about the near-term outlook of the business, which means we have to be comfortable investing in situations where the near-term outlook can be pretty bad.

It's really a fairly traditional deep-value approach. There is what we consider a temporary presence of excessive pessimism, with recurring sources of opportunity from macro disruption, from industry dislocations due to cycles or changing competitive dynamics, and from any number of company-specific issues like resolvable operational challenges, management changes, and corporate or financial restructurings. This type of value investing isn't for everybody. It's simple in concept but requires a certain temperament. But that's what made Third Avenue as successful and distinctive as it was and we all agreed we needed to get back to it.

In your first year portfolio turnover was over 70%. What types of things did you do to recast the portfolio?

MF: First, we sold everything we considered patently expensive or not sufficiently capitalized. We moved the fund more to non-U.S. securities because that's where we thought there was much better value to be found. (That's still the case by the way – our U.S. weighting has fallen steadily and today is in the low-20% range.) We shifted toward smaller-cap companies, where we've had more success in developing differentiated views. We also took the number of holdings to the low end of what has been a 30 to 60 position range. I'm comfortable with the balance of diversification and concentration at that level, and in our ability to find and put forth the analytical effort needed to uncover six or seven great new ideas a year. It wasn't the point, but the result of all that has been that the active share of the portfolio increased substantially and now relative to the MSCI World Index is 99%.

Would you say there are any thematic tilts to the portfolio today?

MF: We'll talk about two specific ideas in more detail later, Capstone Copper [Toronto: CS] and Warrior Met Coal [HCC], but we have a meaningful amount of commodity and commodity-services exposure. This isn't because I love commodities, but because we went through a long period of time when the investment world was disinterested in commodities and, as a result, we have cheap valuations and growing imbalances between supply and demand.

We also have what might be considered continued-recovery-from-Covid names in the portfolio, more focused on Asia where the recovery has been delayed relative to the West. Examples here would include Genting Singapore [Singapore: G13], a casino resort operator, Hawaiian Holdings [HA], which we expect to benefit as Asian travelers return in force to Hawaii, and Hutchinson Ports [Singapore: NS8U], which owns and operates ports and terminals primarily in mainland China.

Another geographic emphasis has been the U.K., which we spoke about not that long ago [*VII*, November 30, 2022]. Here the backdrop is the macroeconomic outlook in the U.K., which has been a slow grind into the basement for basically six years since the Brexit vote. Any time there is a pall like that over a market, the chances of significant mispricing at the individual-company level typically increase.

I should also mention our banking exposure, making up just under 10% of the portfolio and focused on three investments, Comerica [CMA] in the U.S. and Deutsche Bank [Frankfurt: DBK] and Bank of Ireland [Dublin: BIRG] in Europe. In general, the interest-rate environment in recent years created an outlook for many rate-sensitive businesses like banks that was so poor that we thought it created pricing we found very attractive.

This is a rapidly evolving situation, but so far we haven't seen data for these three banks that give us significant concern or that would indicate that Silicon Valley Bank, Signature Bank and Credit Suisse are just the tip of the iceberg. I would stress here that the significant psychological and sociological aspects of all this argue for caution. Banking does rely upon confidence. As we sit here today, we don't believe the banks we own have been materially harmed and that regulators have taken mostly sensible action to stem the panic.

It's hard to gauge when confidence in the system improves and, importantly, whether what's going on now heightens the risk of economic difficulty that may ultimately lead to a deteriorating credit environment. We're for now taking it slow and haven't made any significant moves one way or the other, but I think it's fair to say we are more likely buyers than sellers.

Talk about your specific investment case today for Bank of Ireland.

MF: The company spent a decade repairing itself from the great financial crisis and the subsequent crisis in European sovereign debt. It was an arduous process of working out and selling non-performing loans, overhauling underwriting standards, making dramatic cost cuts and having to invest in IT infrastructure – all while fortifying the capital base to meet stricter regulatory capital requirements.

ON BANKING:

I would stress here that the significant psychological and sociological aspects of all this argue for caution.

By the time we got involved in 2019 it was a simple, plain-vanilla bank focused on residential mortgages and some corporate lending in its home market and in the United Kingdom. It was extremely well capitalized with a leading position in Ireland, which had regained its position as one of the healthiest and fastest-growing economies in Western Europe. The problem was that all European banks were in one of the worst interest-rate environments for banks ever and it was very difficult to earn respectable net interest margins or returns on equity. As a result the market was pricing the shares at a 40% of stated book value and at 9x earnings. If the interest-rate environment never improved, we thought we'd do OK given the valuation we were paying, but that we'd do a lot better than OK if the rate environment normalized.

Then Covid hit and the wheels came off again, not so much from a credit perspective but from a market-perception perspective. With zero-bound interest rates it was hard to think good things were ever going to happen for this company. But they kept their heads down and accelerated cost cutting and the shift to online banking, positioning the bank well as the economy recovered quickly and the interest-rate environment eventually started to improve. ROE last year was 10.6%, more than double what it was in 2019.

Matthew Fine

From the Bottom Up

Having landed a "very unglamorous" position in the marketing department of pioneering value investor Third Avenue Management after graduating from Hamilton College in 1999, Matt Fine threw his hat in the ring when a research analyst position opened up at the firm soon thereafter. "This was the height of the Internet bubble, so knowing my audience, I made the pitch that they could pay me what they already were, which was much less than they'd have to pay the MBAs and people with experience they were also interviewing for the job," he says. "It still wasn't glamorous – one person told me explicitly I was going to open his mail and shine his shoes – but luckily they were receptive to the idea."

Through a number of ups and downs – for the firm, value investing, and equity markets in general – Fine is now the portfolio manager of the Third Avenue Value Fund, which he took over in 2017 and has returned to what he considers the opportunistic, deep-value strategy originally put in place by the firm's legendary founder, Marty Whitman. "We've tried to take the fund back to its strategic roots," he says. "We believed in the strategy's capacity to perform and were just very eager to demonstrate that."

We also believe the quality of the industry environment has improved. In the past year, two of the five biggest players in Irish banking have been absorbed into the others, leaving three larger-scale primary competitors, B of I, AIB Group [Dublin: A5G] and Permanent TSB [Dublin: IL0A]. B of I also in the second half of last year bought the largest securities and wealth-management business in Ireland, J&E Davy Holdings, which as a result of conflict-of-interest scandals had to sell itself under governmental pressure. With greater scale and more diversified fee income from Davy, management now believes they can get to a 15% ROE by 2025, which strikes us as reasonable and credible.

Are there any Silicon Valley Bank-like issues to worry about?

MF: We don't believe the fundamental factors that created panic elsewhere exist here. There is no concentration of corporate clients. As a European bank they don't have the bogeyman of mark-to-market losses not being reflected in capital. Liquidity and capital ratios are very high. There also aren't large counterparty risks like investment banks have. One potential link is the impact all this has on interest rates. If bond yields compress as a result of broader turmoil, that could soften the outlook for net-interest-margin expansion.

How inexpensive are the shares at a recent price of around €9.50?

MF: The stock today trades at 85% of stated book value and at a mid-single digit multiple of earnings a couple of years out. We expect capital will increasingly be returned to shareholders and that book value will continue to grow. To the extent they deliver on plan, we would expect the stock to be valued at a meaningfully higher multiple of book value, on a meaningfully larger book value.

One last thing I'd mention is that the Irish government last year completed the sale – at a significant profit – of the B of I stake it took after the financial crisis. We hope that will be an impetus for easing some of the more stringent regulations in place, particularly around executive compensation. We think highly of the current management team, but there's been quite a bit of turnover in the past few years. The new CEO named late last year, Myles O'Grady, had been the CFO but left earlier in the year for another opportunity. We were happy to see him return after his predecessor as CEO left, but would prefer that the bank were free to offer talented people competitive compensation.

Describe your interest in copper and why Capstone Copper is one of your top choices for capitalizing on it.

MF: Unlike with oil and gas, there isn't really discernible societal pressure to reduce copper production. People seem to understand the materials-intensity of renewable energy and electrification, and copper is an essential metal needed to facilitate the energy transition.

But while demand will likely grow at rates similar to or even better than already impressive historical norms, there's ample evidence that the copper market is already undersupplied and that that's not likely to resolve itself soon. A new copper

INVESTMENT SNAPSHOT

Bank of Ireland
(Dublin: BIRG)

Business: One of three large "plain-vanilla" retail and commercial banks based in Ireland, serving personal and business banking customers in its home country and the U.K.

Share Information
(@3/30/23, Exchange Rate: $1 = €0.92):

Price	**€9.46**
52-Week Range	€5.20 – €10.89
Dividend Yield	2.2%
Market Cap	€10.11 billion

Financials (TTM):

Revenue	€3.04 billion
Operating Profit Margin	39.6%
Net Profit Margin	29.2%

Valuation Metrics
(@3/30/23):

	BIRG	S&P 500
P/E (TTM)	12.4	17.7
Forward P/E (Est.)	6.7	17.7

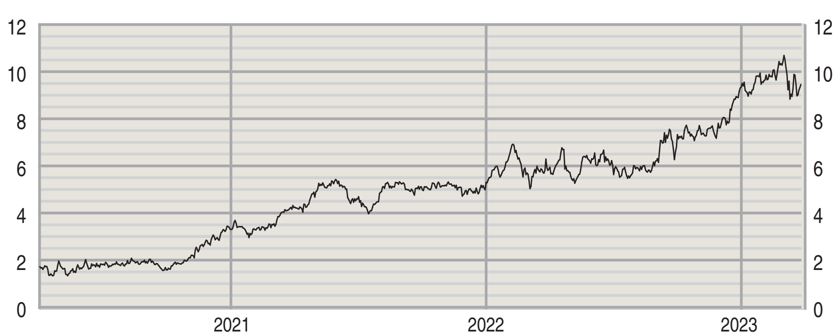
Largest Institutional Owners
(@12/31/22 or latest filing):

Company	% Owned
BlackRock	9.1%
Massachusetts Fin Serv	5.1%
Norges Bank Inv Mgmt	4.8%
Vanguard Group	3.6%
Fidelity Mgmt & Research	3.0%

Short Interest (as of 3/15/23):

Shares Short/Float	n/a

BIRG PRICE HISTORY



THE BOTTOM LINE

The market appears not to fully appreciate either the company's much improved operating performance or the increasing attractiveness of its industry environment, says Matthew Fine. While the shares now trade at 85% of stated book value and a mid-single-digit forward P/E, he expects both the multiple and book value to move "meaningfully" higher.

Sources: Company reports, other publicly available information

mine typically takes more than a decade to develop, and major discoveries are difficult to come by. The biggest players in the business like Codelco in Chile have seen significant declines in production, and one key factor is the consistently declining quality of the deposits. Mines 100 years ago had rocks that were maybe 2% copper. That was 1% 20 years ago and now the average is closer to 0.7%. We don't think it's well appreciated that the growing undersupply of copper is due to the intrinsic scarcity of the metal itself, which is a challenging problem to solve. Taking all that into consideration, we believe the probabilities are heavily stacked in favor of increasing shortages and higher prices.

That brings us to Capstone Copper, the current rendition of which was formed in the merger a year ago of Capstone Mining and Mantos Copper. The company owns operating mines in Arizona, Mexico and Chile, but its future prospects – and the vast majority of its production growth – are based on producing and development properties likely to be combined into a full mining district in Chile. The Santo Domingo project there is one of the largest fully-permitted copper projects in the world, and combining it with the Mantoverde and Mantos Blancos mines should yield dramatic infrastructure and operating cost savings in building it all out.

The company is well financed, with around US$340 million of net debt against EBITDA which we think this year will come in at close to US$500 million. We estimate that EBITDA exiting 2023 should be at a run rate closer to US$1 billion at current copper prices.

How do you rate jurisdictional risk here?

MF: Mining is a business where that is almost always an issue to consider. When times are good you tend to see more labor disruption and governments putting their hands out for more money. Chile is no exception to that, but we consider the jurisdictional risk there to be generally fairly benign. The country is very dependent on the natural-resource sector, particularly copper, and most mining operations there have been operating successfully for decades. I would add that the fact there are jurisdictional issues in other significant copper-producing regions is a factor contributing to growing copper shortages.

You talked earlier about the quality of the resource base. How would you rate that for Capstone?

MF: I'd say they're a B, B-. The resource bases are not huge and as a result the company isn't considered a low-cost producer. For better or worse, that creates a lot of leverage to the price of copper. Given our copper-price outlook we're comfortable with that, but it reinforces the importance of the company being well capitalized.

At a price just over C$6, how are you looking at upside for the shares?

MF: The $1 billion run-rate EBITDA number I mentioned assumes a copper price of around $4 per pound, which is a little below where the price is now. Using that level, the stock today trades at only 3.5x EV/EBITDA. That for a company that is growing production rapidly, from 185,000 tons in 2022, to a forecasted

INVESTMENT SNAPSHOT

Capstone Copper
(Toronto: CS)

Business: Formed by the 2022 merger of Capstone Mining and Mantos Copper, develops and produces mostly copper resources located in Arizona, Mexico and Chile.

Share Information
(@3/30/23, Exchange Rate: $1 = C$1.35):

Price	**C$6.06**
52-Week Range	C$2.25 – C$7.39
Dividend Yield	0.0%
Market Cap	C$4.21 billion

Financials (TTM):

Revenue	$1.30 billion
Operating Profit Margin	17.3%
Net Profit Margin	9.4%

Valuation Metrics
(@3/30/23):

	CS	S&P 500
P/E (TTM)	23.6	17.7
Forward P/E (Est.)	22.5	17.7

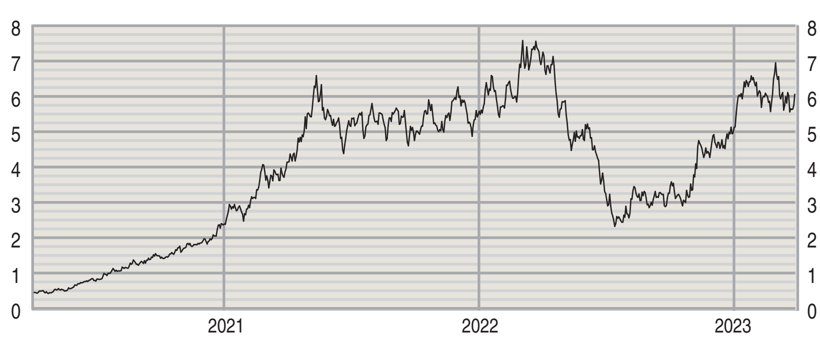
Largest Institutional Owners
(@12/31/22 or latest filing):

Company	% Owned
Orion Resource Partners	3.3%
Third Avenue Mgmt	1.5%
Dimensional Fund Adv	1.5%
Mirae Asset Global Inv	1.3%
ETF Managers Group	1.1%

Short Interest (as of 3/15/23):

Shares Short/Float	n/a

CS PRICE HISTORY



THE BOTTOM LINE

Despite a significantly positive long-term outlook for copper prices and the fact that the company has one of the largest fully-permitted new copper projects in the world, Matthew Fine believes its stock at 3.5x EV/EBITDA on his 2023 estimates is materially mispriced. Should the market not eventually recognize that dislocation, he believes a suitor will.

Sources: Company reports, other publicly available information

260,000 tons in 2024, and eventually to what they expect to be around 380,000 tons. If they continue to grow and we're right about upward pressure on copper prices, that $1 billion in annual EBITDA will be a lot higher and the stock probably won't trade at a 3.5x multiple.

I would also say that there's a long history of companies in mining that bootstrap their way into the mid-cap space and eventually at a certain point in the cycle get taken out by the biggest players. Most of the large mining companies – Rio Tinto, BHP, Glencore, Teck Resources, Freeport-McMoRan – have made clear they would like to be bigger in "future-facing" metals like copper. They don't have a lot of development projects of their own, so it seems likely to us as the supply/demand imbalance for copper widens that companies like Capstone – and Lundin Mining [Toronto: LUN], which we also own – will attract a lot of interest.

Moving elsewhere among commodities, what attracted you to Warrior Met Coal?

MF: We routinely look at post-bankruptcy situations, which again goes back to the firm's roots given that Marty Whitman originally made his name investing in the worlds of restructuring and distressed debt. Sometimes attractive assets get wrapped up in a bad balance sheet that gets exposed in a cyclical downturn, but then through the bankruptcy process the balance sheet is repaired while the attractive assets remain intact. We're not coming in through the creditor side anymore and we're not trying to control the process, but we are watching to see what is coming out of the other side of all that and sometimes find interesting opportunities.

Warrior Met Coal was formed in 2016 to own the assets of Walter Energy, which had declared bankruptcy the year before. The new company, which IPO'd in 2017, had two crown-jewel mines in Alabama producing high-quality metallurgical coal used in steel manufacturing. (The company has no thermal coal.) It also had new labor and transportation agreements that lowered the cost base, a balance sheet with net cash, and a huge tax-loss carryforward of about $2 billion. When they exited bankruptcy they were producing between 6 and 6.5 million tons of met coal per year, with the expectation to build production levels back to 7 or 8 million tons annually. When we first bought the stock in 2017, using normalized long-term average coal prices, we thought we were paying maybe 5x free cash flow.

Things have generally worked out well – the company since going public has paid out roughly $1.5 billion in dividends, not far from the current market cap of $1.8 billion. But there has continued to be a lot of uncertainty, primarily around a long and drawn-out strike by unionized workers that has been both costly and disruptive. In one positive sign, the United Mine Workers' leadership gave workers the go-ahead to return to work, but there still isn't a new labor contract in place. We very much expect that eventually this issue is resolved on acceptable terms to both sides. We're not able with much confidence to estimate when, but we'd like to believe it's sooner rather than later.

While the strike resolution is likely to result in higher labor costs, the impact of that should be manageable. Meanwhile,

INVESTMENT SNAPSHOT

Warrior Met Coal
(NYSE: HCC)

Business: Production and sale from mines in Alabama of higher-grade non-thermal met coal used as a key component in steel production by manufacturers worldwide.

Share Information (@3/30/23):

Price	**35.67**
52-Week Range	26.11 – 42.95
Dividend Yield	3.3%
Market Cap	$1.85 billion

Financials (TTM):

Revenue	$1.74 billion
Operating Profit Margin	47.4%
Net Profit Margin	36.9%

Valuation Metrics
(@3/30/23):

	HCC	S&P 500
P/E (TTM)	2.9	17.7
Forward P/E (Est.)	4.5	17.7

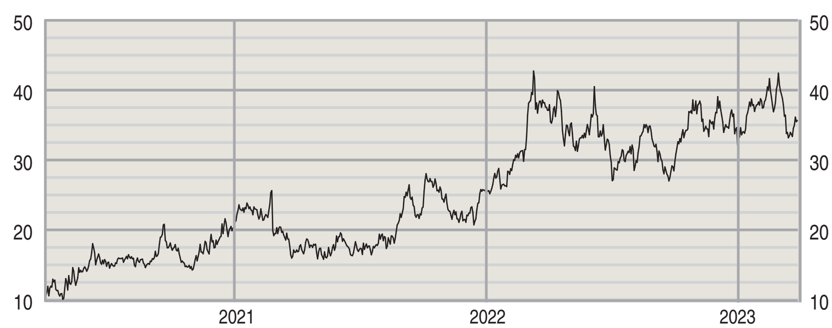
Largest Institutional Owners
(12/31/22 or latest filing):

Company	% Owned
BlackRock	14.3%
Vanguard Group	13.7%
Key Group	5.0%
Fidelity Mgmt & Research	4.3%
State Street	3.6%

Short Interest (as of 3/15/23):

Shares Short/Float	7.0%

HCC PRICE HISTORY



THE BOTTOM LINE

After taking into consideration assets on its balance sheet and new production from a third mine, Matthew Fine believes the market today ascribes roughly zero value to the company's producing high-grade mines. "The math here gets us very quickly to playing with the house's money," he says, "with a risk/return profile that is very much in our favor."

Sources: Company reports, other publicly available information

the ongoing construction of a third large adjacent mine, called Blue Creek, is expected to grow the company's overall met-coal production roughly 60% by 2026. Based on the company's reported numbers, the Blue Creek project has an estimated NPV of $1 billion – using a 10% discount rate and a conservative $150 price per metric ton of met coal. That is more than half the current market cap.

Do you have a view on met-coal prices like you do for copper?

MF: Prices in this market are more difficult to read. We don't see the same inexorable demand growth we do for copper, and new projects on the supply side tend to be smaller and less visible. Forecasting is also complicated because there are many different grades of met coal that sell at different prices.

Warrior operates at the high-quality end of the market, in line with the highest-grade benchmark coals produced in Australia. Current prices for its coal per metric ton are above $300, which is historically high. To be conservative, in our underwriting we use a price closer to the $150 the company uses in arriving at the NPV for the Blue Creek project.

The shares at today's price of $35.70 certainly don't look optically expensive at 2.1x consensus forward EV/EBITDA. How are you looking at valuation?

MF: There's $500 million in net cash on the balance sheet, $200 million in excess inventories and significant tax-loss carryforwards remaining. There's also Blue Creek, which we think is reasonably valued at the company's NPV estimate of $1 billion. That all basically covers the current market cap.

That leaves roughly zero value being ascribed to the producing assets, which on a normalized basis should produce 7 to 8 million tons per year and – at current coal prices – should earn close to $1 billion in EBITDA annually. Even if you halve that EBITDA level assuming much lower normal coal prices, that's a pretty attractive asset to have no value given to it. We think the math here gets us very quickly to playing with the house's money, with a risk/return profile that is very much in our favor.

You seem to have done a lot right since taking over the Value fund. What have you gotten wrong?

MF: Investing is a difficult, messy business, so you're inevitably going to make mistakes. I certainly haven't been immune to that.

We talk a lot about the balance sheet and the importance of a company having the financial wherewithal to ride out a bad period. That's particularly important given how difficult it is to predict the timing of a recovery. We learned that lesson again in the early oil-services-company investments we made. Unlike the more successful ones we made later in companies like Tidewater [TDW] and Valaris [VAL] – which had already been restructured through Chapter 11 – those earlier investments did very poorly because the downturn lasted much longer than we expected and there turned out to be too much financial leverage.

Another lesson we've learned is the risk of having too much patience. As I've gotten older and more experienced I'm putting more emphasis on defining and tracking tangible signposts of progress. Along with that I think we've gotten much better at changing our minds as situations evolve. You can't be embarrassed if you buy something and conclude later it was a mistake. For example, we bought a New York Class-A office property owner in the middle of Covid thinking we were stealing it at the valuation at which it was trading relative to historical norms. After two or three months of living with it and reevaluating the landscape, we concluded the historical norms no longer applied and we got out. Trying to convince ourselves we were still right to have bought it and to not move on would have been a very bad decision.

I want to be an active manager. I understand those who think in terms of core positions they'd like to hold forever, but that isn't our mentality. We're not at all rapid traders – portfolio turnover is typically 20-30% per year – but I don't want to be married to anything. What attracts us to a position, regardless of what the company does, is the price discount to value we think we're getting. If that discount goes away, or the balance sheet no longer gives us confidence the company will make it to reconciling the discount, we should move on and find something better.

Prevailing market winds have blown more in favor of contrarian, opportunistic and price-conscious value investors. How likely do you think that is to continue?

MF: Elevated levels of turmoil, upheaval and change are generally helpful to us in unearthing opportunities. Even with some narrowing of the spread, valuation disparities between cheap and expensive are still high and have far to go to get back to normal. Even if the spread narrows primarily because really expensive things suffer, cheap companies and value strategies in general should do at least relatively well.

I'd add that our balance-sheet focus – a core pillar of the philosophy – has probably held us back from a relative-performance perspective over time. Liberal use of debt was more good than bad for companies as rates continued to decline over almost the entire life of the fund. If we're finally in a sustained environment where capital is more scarce and higher-cost, that should also help us. I'm eager to put that to the test. VII

Active Share: The percentage of a fund's portfolio that differs from the benchmark index. The MSCI World Index is an unmanaged, free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of 23 of the world's most developed markets.

P/E TTM: The price-to-earnings (P/E) ratio is the ratio for valuing a company that measures its current share price relative to its per-share earnings over the trailing twelve-months.

Return on equity (ROE): A measure of financial performance calculated by dividing net income by shareholders' equity.

Forward P/E (EST): Forward price-to-earnings (forward P/E) is a version of the ratio of price-to-earnings (P/E) that uses forecasted earnings for the P/E calculation.

Dividend Yield: The dividend yield, expressed as a percentage, is a financial ratio (dividend/price) that shows how much a company pays out in dividends each year relative to its stock price.

Net Debt to EBITDA: Debt/EBITDA—earnings before interest, taxes, depreciation, and amortization—is a ratio measuring the amount of income generated and available to pay down debt before covering interest, taxes, depreciation, and amortization expenses. Debt/EBITDA measures a company's ability to pay off its incurred debt.

Enterprise Value to forward EBITDA: EV/EBITDA is a ratio that compares a company's Enterprise Value (EV) to its Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA). The EV/EBITDA ratio is commonly used as a valuation metric to compare the relative value of different businesses.

Net Present Value (NPV): NPV is the difference between the present value of cash inflows and the present value of cash outflows over a period of time.

Free cash flow (FCF): Represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets.

MSCI World Index: The MSCI World Index captures large and mid-cap representation across 23 Developed Markets (DM) countries. With 1,546 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. Index performance reported since inception of Institutional Share Class.

FUND RISKS: Risks that could negatively impact returns include: fluctuations in currencies versus the US dollar, political/social/economic instability in foreign countries where the Fund invests, lack of diversification, and adverse general market conditions. For a full disclosure of principal investment risks, please refer to the Fund's Prospectus.

Annualized performance as of 3/31/23 (Institutional Share Class: TAVFX): 1yr 11.12%, 5yr 8.55%, 10yr 7.72%. Gross expenses (Institutional Share Class): 1.22%. Net expenses: 1.20% (contractual waiver in place through at least 3/1/2024).

Past performance is no guarantee of future results. Mutual Fund returns include reinvestment of all distributions. Returns are annualized for periods longer than one year. The returns represent past performance and current performance may be lower or higher than performance quoted above. Investment return and principal value fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. For the most recent month-end performance, please visit the Fund's website at thirdave.com.

Please see top Ten Holdings here. Earnings growth is not a forecast of the Fund's future performance. Holdings and dividends are subject to change.

Third Avenue Funds are offered only by prospectus. The prospectus contains important information, including investment objectives, risks, advisory fees and expenses. Please read the Prospectus carefully before investing or sending money. For a current Prospectus please visit our website at thirdave.com, or call 800-443-1021.

Distributor of Third Avenue Funds: Foreside Fund Services, LLC.