THIRD AVENUE MANAGEMENT

SMALL-CAP VALUE FUND

AS OF DECEMBER 31, 2019

INSTITUTIONAL: TASCX | INVESTOR: TVSVX | Z: TASZX

PORTFOLIO MANAGER COMMENTARY

VICTOR CUNNINGHAM, CFA

Dear Fellow Shareholders,

We are pleased to provide you with the Third Avenue Small-Cap Value Fund's (the "Fund") report for the quarter ended December 31, 2019. For the calendar year 2019, the Fund returned +22.81% versus +22.4% for the Fund's most relevant benchmark, the Russell 2000 Value Index (the "Index"). For the fourth quarter, the Fund returned +6.53% versus +8.5% for the Index. We are happy with the absolute and relative performance of the Fund given its limited technology exposures. The technology sector of the Index dominated performance, rising 22.5% in 4Q and 53.5% in 2019. Over the past three years, the technology sector has risen nearly 70%, which has more than tripled the Index return. The Fund's exposure to the sector has been modest given valuations for the sector are currently rich. We believe that the Fund remains well-positioned.

It was a gratifying year as the Fund re-positioning made during the violent sell-off in 4Q 2018 paid rich dividends in 2019. What a difference a year makes! Many of the laggards highlighted in the 4Q 2018 letter such as TRI Pointe Homes and Visteon drove performance this year as they were up 42% and 44%, respectively.

ACTIVITY

Despite healthy absolute performance during 4Q, the aggregate portfolio discount to our mid-case, conservative NAVs increased from 14% at September 30, 2019, to 16% at year end. This resulted from NAV growth and partial rebalancing out of some companies where the discount had shrunk, and into companies trading at larger discounts. Otherwise, activity was muted during the quarter with no positions added and one eliminated (Interfor Corp).

Although Westaim is not a new position, the company announced exciting resource conversion news during the quarter. Fund Management described our thesis on Westaim in the Fund's 1Q 2018 shareholder letter. Westaim is a financial services holding company comprised of a specialty insurer, alternative investment management company and a specialty finance unit. Fund Management was initially attracted to its strong balance sheet, entrepreneurial management team, growth potential of the assets, and the NAV discount. Since the Fund's initial purchase, while book value has grown, the NAV discount has widened to even more attractive levels.

Westaim management is taking matters into its own hands to close the discount. In 4Q, HIIG, the insurance business 44% owned by Westaim, announced a $30m rights offering at book value. Westaim plans to fully participate, so its investment will not be diluted. The capital raised will accelerate growth at HIIG as management is finding ample opportunity to expand its insurance underwriting. In addition, the capital raised could be a precursor for a more meaningful transaction such as a sale of Westaim's stake or an IPO of HIIG in 2020. Westaim had previously disclosed that outside parties expressed interest in purchasing its stake in HIIG. A sale of HIIG equity either to another entity or through an IPO would presumably exceed book value and would be immediately accretive to Westaim shareholders.

POSITIONING

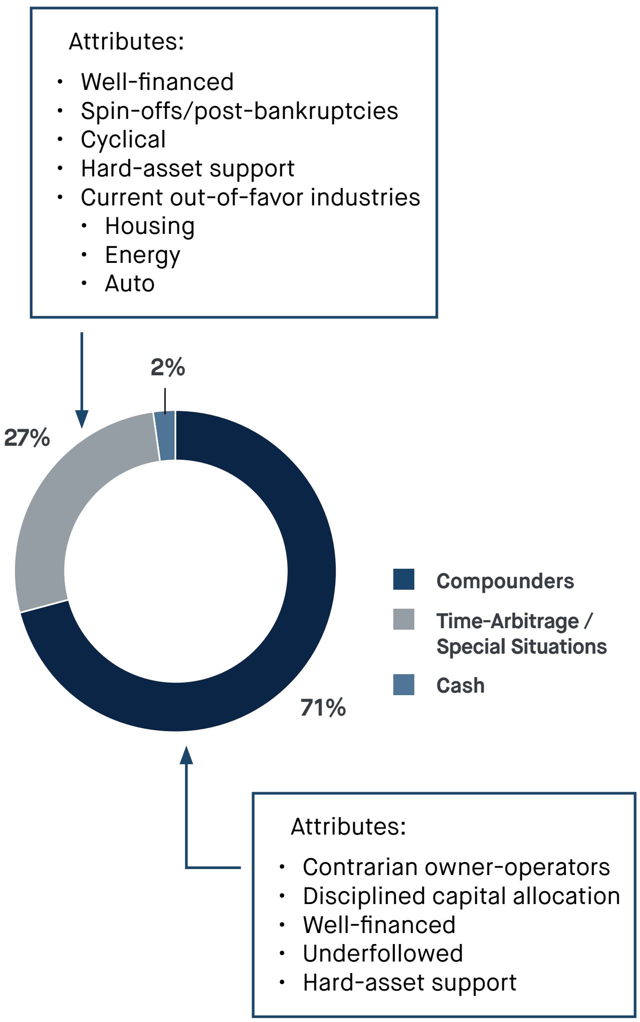
There were 29 positions in the Fund at quarter-end, down from 30 at September 30, 2019. Cash stands at 2%. Fund Management often categorizes the Fund's holdings as either long-term compounders or time-arbitrage/special-situation positions based on the companies' characteristics. At the end of 4Q, long-term compounders represented approximately 71%, and time-arbitrage/special-situation positions represented approximately 27% of the portfolio. As noted earlier, the percentages moved slightly in the fourth quarter as the compounder exposure grew relative to time-arbitrage/special situations as discounts declined for a handful of the time-arbitrage positions such as Visteon, Viad and TRI Pointe.

Included among the Fund's compounder bucket are Seaboard (conglomerate), MYR Group (engineering and construction) and Westaim, where balance sheet strength and prudent capital allocation should allow these companies to compound NAV for many years to come. Financial services companies make up one third of the compounder category, which is largely comprised of well-capitalized regional banks and thrifts.

The time-arbitrage/special-situations bucket is predominantly comprised of energy services companies such as Tidewater and SEACOR Marine, real estate-related holdings such as TRI Pointe and Five Point Holdings, and other out-of-favor, misunderstood companies such as auto supplier Cooper Tire & Rubber. All of these companies are cyclical and currently out of favor, but given their strong financial positions, Fund Management believes they have the luxury of time and capital to invest and grow until the clouds dissipate.

The following is a visual breakdown of how Fund Management views the portfolio:

ASSET ALLOCATION AS OF DECEMBER 31, 2019



FUND COMMENTARY

Trade was a critical hot-button issue in 2019. The impacts were global and broadly felt across many stakeholder groups. The agriculture industry was hit harder than most. One of the Fund's holdings, pork producer Seaboard, was directly impacted by Chinese tariffs. Another Fund holding, fruit producer Alico, was indirectly impacted.

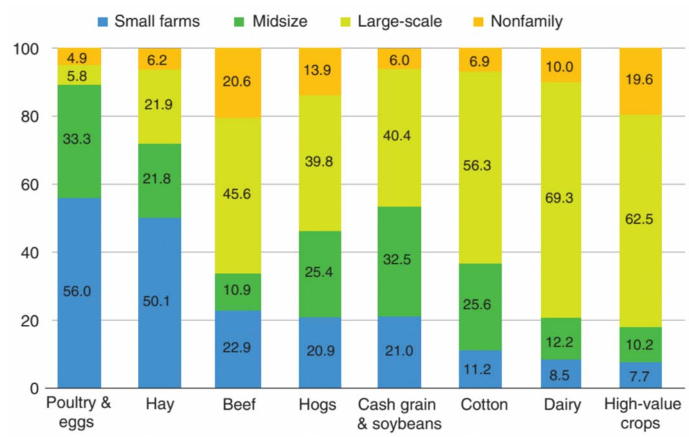
Progress was made the last couple of months as a renegotiated NAFTA deal (renamed USMCA) was approved by Congress and the first stage of a trade deal with China was signed in January. Despite the progress, it will take years to determine the full impact of the trade wars. Fund Management has taken a keen interest in studying the agriculture industry as the disruptions over the past few years are creating opportunities. Our interest in the agriculture industry has a few tenets. First, long-term, end-market dynamics across most agricultural commodities are favorable. Second, the industry remains fragmented and not well-capitalized. Finally, given the fragmented industry and uncertain environment created by the trade disruptions and changes in consumer tastes, there is room for well-capitalized public companies to invest in growth over the next few years.

It is expected that long-term demand for agricultural products should grow 1-2% per year given rising populations and incomes. The United States is generally the low-cost producer for many agricultural products, which allows domestic companies to satisfy local demand and also export to other countries. Needless to say, the export market has been under pressure due to the trade wars. We project the trade war pressures will subside in 2020. The uncertainty is an opportunity in our view as low-cost producers are usually the long-term winners in commodity markets.

Many industry participants are small and undercapitalized. Listed below is a chart breaking down production for various commodities by farm type. We found the data striking! Non-family operations, which includes publicly-owned companies, account for a small percentage of production across all product categories. This presents a broad opportunity for well-capitalized, innovative companies. It is also helpful that given the low market percentages, many public companies in the sector are small caps and thus investment candidates for the Fund.

VALUE OF PRODUCTION FOR SELECTED COMMODITIES BY FARM TYPE, 2018

Percent of value of production

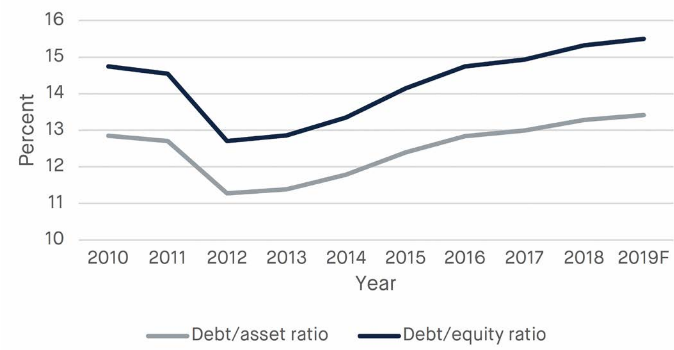


Note: High-value crops include fruits, vegetables, tree nuts, and nursery/greenhouse crops. Due to rounding, numbers may not add to 100.

Source: USDA, Economic Research Service and USDA, National Agricultural Statistics Service, 2018 Agricultural Resource Management Survey.

Smaller agriculture companies in many cases have come under pressure. The chart below is reflective of the strain that farmers across the agricultural spectrum have been feeling over the past few years. As farmer incomes have declined, debt ratios have risen at a faster rate than both equity and assets. Besides the disruptions from China and the renegotiations of NAFTA, weather and natural disasters have also not helped.

U.S. FARM SECTOR DEBT-TO-ASSETS AND DEBT-TO-EQUITY RATIOS



Source: USDA ERS.

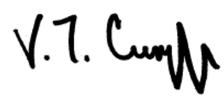
Note: 2019F represents USDA ERS forecast values for 2019.

Fund Management believes that the agriculture industry is ripe for investment activity for multiple reasons. First, players with ample capital have the ability to provide relief to weaker-capitalized players. Second, as market demand is shifting to healthier products and more socially-responsible producers, production methods are changing to satisfy more discerning consumers. Production shifts are costly and becoming necessary to compete in a rapidly-changing marketplace.

These investments also provide the added benefit of increasing companies' product profiles. Many agriculture companies are shifting away from producing pure commodities, toward maintaining consumer brands with pricing power. Sanderson Farms was a top performer in 2019 and played directly into this theme. Fund Management has been actively seeking similar agriculture companies with strong balance sheets and prudent management teams. As a result, we have been able to identify target companies that will likely benefit from the trends outlined above. As always, we are patiently waiting for the right price before investing. We hope to share them with you as opportunities arise to add them to the portfolio.

We thank you for your continued support and look forward to writing to you again next quarter. In the interim, please don't hesitate to contact us with any questions, comments, or ideas at clientservice@thirdave.com.

Sincerely,



Vic Cunningham

IMPORTANT INFORMATION

Date of first use of portfolio manager commentary: January 27, 2020

SMALL-CAP VALUE FUND

AS OF DECEMBER 31, 2019

INSTITUTIONAL: TASCX | INVESTOR: TVSVX | Z: TASZX

FUND PERFORMANCE

As of December 31, 2019

	3 mo	1 yr	3 yr	5 yr	10 yr	Inception	Inception Date
Third Ave Small-Cap Value Fund (Inst. Class)	6.53%	22.81%	5.41%	6.66%	9.28%	8.52%	4/1/1997
Third Ave Small-Cap Value Fund (Inv. Class)	6.50%	22.50%	5.17%	6.40%	9.03%	9.03%	12/31/2009

TOP TEN HOLDINGS

Allocations are subject to change without notice

	TASCX
Customers Bancorp, Inc.	6.9%
MYR Group, Inc.	6.5%
Tidewater, Inc.	5.1%
UMB Financial Corp.	4.7%
ICF International, Inc.	4.4%
FTI Consulting, Inc.	4.2%
TRI Pointe Group, Inc.	4.1%
ATN International, Inc.	3.9%
Seaboard Corp.	3.8%
Southside Bancshares, Inc.	3.5%
Total	**47.1%**

Past performance is no guarantee of future results; returns include reinvestment of all distributions. The above represents 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 www.thirdave.com. The gross expense ratio for the Fund's Institutional, Investor and Z share classes is 1.25%, 1.53% and 1.20%, respectively, as of March 1, 2019. 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, volatility associated with investing in small-cap securities, and adverse general market conditions.

Third Avenue Funds are offered by prospectus only. The prospectus contains important information, including investment objectives, risks, advisory fees and expenses. Please read the prospectus carefully before investing in the Funds. 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 updated information or a copy of our prospectus, please call 1-800-443-1021 or go to our website at www.thirdave.com. Distributor of Third Avenue Funds: Foreside Fund Services, LLC.

Current performance results may be lower or higher than performance numbers quoted in certain letters to shareholders.

THIRD AVENUE MANAGEMENT

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Third Avenue offers multiple investment solutions with unique exposures and return profiles. Our core strategies are currently available through '40Act mutual funds and customized accounts. If you would like further information, please contact a Relationship Manager at:

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