SMALL-CAP VALUE FUND

AS OF DECEMBER 31, 2021

INSTITUTIONAL: TASCX | INVESTOR: TVSVX | Z: TASZX

PORTFOLIO MANAGER COMMENTARY

VICTOR CUNNINGHAM, CFA

Dear Fellow Shareholders,

The Third Avenue Small-Cap Value Fund (the "Fund") rose 5.53% during the fourth quarter of 2021 versus a rise of 4.36% for the Fund's most relevant benchmark, the Russell 2000 Value Index[1] (the "Index"). In 2021, the Fund was up 25.84% versus a rise of 28.27% for the Index.

Two of the largest outperformers for the quarter were the Fund's auto related investments, Visteon Corporation and Dorman Products. Both rose at double-digit rates as pessimism connected to the global chip shortages dissipated. In addition, Tri-Pointe Homes rose 33% during the fourth quarter as the company has benefitted from the single-family housing boom and by management's exceptional execution. Finally, Comfort Systems had another strong quarter as commercial real estate owners invested in HVAC systems to improve air quality in their facilities as the demand for clean air has increased in the Covid environment. Performance was diluted once again by Hamilton Beach Brands as supply chain costs weighed on results. Fund Management is impressed with Hamilton's top-line growth after successfully implementing price increases earlier in the year and is confident the supply chain struggles will be temporary. The position was boosted during the fourth quarter.

ACTIVITY

ATN International ("ATNI") and Tidewater's bonds were eliminated from the portfolio during the fourth quarter. Although the ATNI position was added during a period of maximum pessimism, the operational results were challenged during the Fund's ownership. ATNI did not live up to our expectations generating a negligible return for the Fund. One of ATNI's initial attractions was its balance sheet and history of capital allocation. ATNI closed on a sizable transaction in 2021 which added leverage to the balance sheet. After assessing the transaction, the risk/return trade-off was no longer favorable to us. As a result, the position was exited. We admire the management team and will reassess the investment at a later time. The Tidewater bonds were called away in the fourth quarter. It was an excellent investment for the Fund and is a positive development for the common equity which the Fund also owns.

InvenTrust Properties Corp ("IVT") was added to the portfolio during the fourth quarter. IVT was uncovered by our Real Estate team and presented during a Third Avenue research meeting. IVT is a grocery-anchored, open air retail REIT located primarily in the Sun Belt region of the United States. Fund Management was attracted to the company not only for the strength of its balance sheet and discounted valuation, but also the special situation quality of the investment thesis. IVT fits nicely into the Fund's time-arbitrage/special situation bucket.

Over the past few years, IVT has been undergoing a transformation. The transformation was orchestrated by the current CEO and former CFO, DJ Busch. Actions taken included spinning off non-core assets, improving the balance sheet and focusing on locations in the high growth Sun Belt region of the United States. The transformation was punctuated in October when IVT went public, converting from a private to a public REIT. The public listing was followed by a tender offer for private shareholders in November. It took time for the market to better understand the transformation story, and the confusion created by the tender offer provided Fund Management an attractive entry point to initiate a position.

Management's actions have culminated in a well-capitalized (net leverage of 20%), well-positioned (grocery-anchored, Sun Belt focused) REIT trading at a discount to our conservative Net Asset Value ("NAV") estimates. We believe the company has multiple avenues to grow NAV over time. First, positioning in the Sun Belt should allow the company to grow given strong demographic trends. Two thirds of the assets are located in Texas, Florida and Georgia which are rapidly growing. Grocery tenants are highly attractive and predictable with Kroger and Publix being the two largest tenants. Secondly, management has room to grow net operating income by improving occupancy and, more importantly, rationalizing general and administrative costs which are higher than peers.

Given the complexity of IVT's history, it is not surprising it is trading at a discount to our conservative NAV estimates. As investors learn the story and strategic actions take hold boosting NAV growth, we believe the NAV discount could shrink over time. Lastly, IVT could be a resource conversion candidate given its low leverage, attractive footprint and tenants.

PORTFOLIO UPDATE

There were 27 positions in the Fund at quarter-end, down from 28 on September 30, 2021. Cash at quarter-end stood at roughly 8%. In our approach to portfolio construction, Fund Management categorizes holdings as either long-term compounders or time-arbitrage/special-situation positions based on the companies' characteristics. At the end of the fourth quarter, long-term compounders represented approximately 69% of the portfolio, and time-arbitrage/special-situation positions represented approximately 23%.

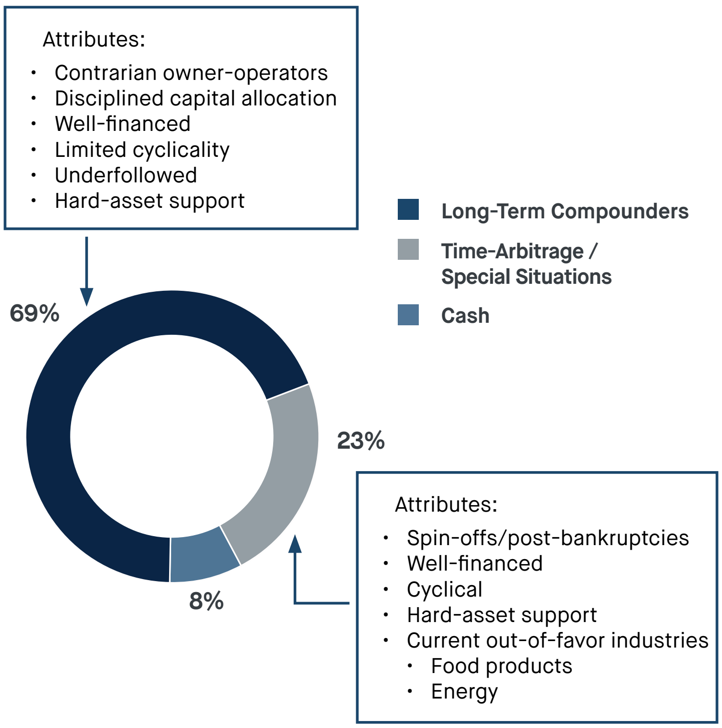
The Fund's compounder category (or "bucket") includes companies such as Seaboard (conglomerate), MYR Group (engineering and construction), and Westaim (financial services holding company). We believe balance sheet strength and prudent capital allocation should allow these companies to compound NAV for many years to come. Financial services companies are roughly 40% of the compounder category and largely comprised of well-capitalized regional banks which make up 23% of the portfolio.

The time-arbitrage/special-situations bucket is predominantly comprised of energy services company Tidewater, real estate-related holdings such as Five Point Holdings, and other out of favor, misunderstood companies such as Hamilton Beach Brands. 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 aggregate portfolio discount to our mid-case, conservative NAV estimates declined marginally to 7% from 10% during the fourth quarter.

Following is a visual overview of the portfolio:

ASSET ALLOCATION AS OF DECEMBER 31, 2021

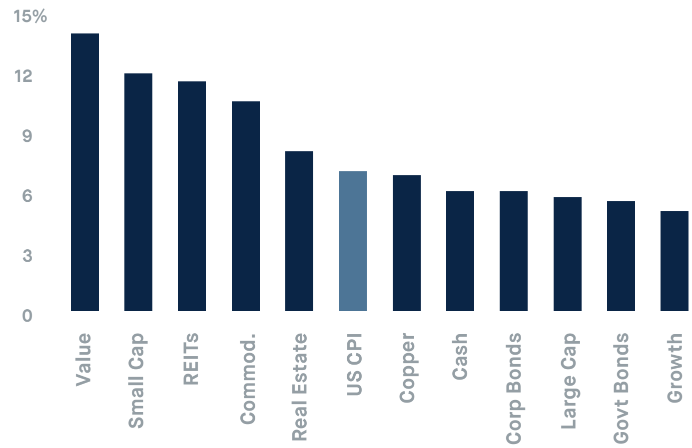


FUND POSITIONING

Inflation dominated the economic discussion in 2021. The 6.8% year-over-year Consumer Price Index rise in November was the highest since 1982. Rapidly rising prices have been a natural outcome of the unprecedented monetary and fiscal stimulus injected into the economy over the past few years. The similarities to the late 1960's/70's are striking. Government spending rose and loose monetary policy in the late 1960's resulted in high inflation in the 1970's. The risks for equity investors include margin compression as companies struggle to pass-through price increases to offset rising costs. Additionally, as interest rates rise, companies with leverage could struggle to service their debt. We are hopeful that 1970's inflation does not reappear, but our current positioning includes shock absorbers to dull the impacts of higher future inflation.

The chart to the right breaks down asset class returns in the 1970's. As shown to the right, high inflation provided a tailwind for some asset classes, yet was also a headwind for others.

US CROSS ASSET RETURNS IN 1970S AND US CPI

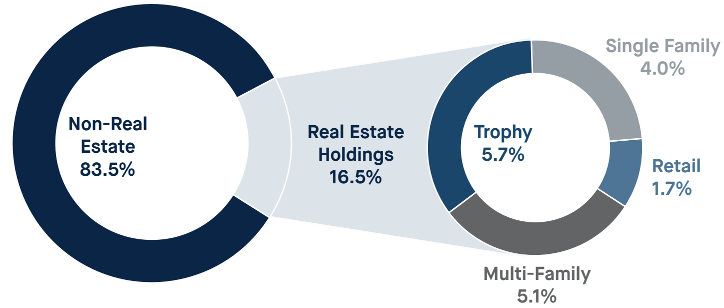


Sources: BofA Global Investment Strategy, Bloomberg, Ibbotson, Fama-French growth/value series, Case-Shiller, Bureau of Economic Analysis, Homer & Sylla, A History of Interest Rates.

If history repeats itself, we believe the Fund is well-positioned to benefit from a high inflationary environment. Not only did value stocks and Small-Caps in particular perform well in the 1970's, so did real estate companies. Small-Cap Value indices typically have a high concentration in banks and financial services companies and that likely drove outperformance in the 1970's. The Fund has a healthy allocation to banks (23%). Below we highlight the Fund's real estate exposures, an asset class which also performed well in the 1970's and could be a differentiator for Fund performance looking forward.

Over time, Fund Management has accumulated positions in a group of eclectic real estate related companies. Each is well-capitalized and owns unique, desirable assets. Higher inflation was not part of the original thesis for many of the positions mentioned below. Instead, the real estate allocations are a function of the Fund's approach, which focuses on quality assets, rather than purely cash flows.[2] Placing a high priority on asset quality could be especially beneficial in a higher inflation environment. Given each company's strategic positioning and high-quality assets, they should have the pricing power to increase prices ahead of rising costs. Likewise, many of these companies have short lease terms leaving them less vulnerable to rising costs. A breakdown of the Fund's real estate related exposures and explanation of how those companies can navigate higher inflation is shown below:

THIRD AVENUE SMALL-CAP PORTFOLIO



Trophy Assets (5.7% of assets): The trophy assets are two sports oriented holding companies. The Liberty Braves contains the Atlanta Braves baseball franchise and stadium in addition to the surrounding real estate. Madison Square Garden Entertainment's primary asset is Madison Square Garden which is the home to the New York Knicks from the National Basketball Association and the New York Rangers from the National Hockey League. Although each entity is multi-faceted, the real estate linked to the respective franchises is protected and highly desirable. The Braves are the primary tenant at Truist Park. As defending World Series champs, Truist Park should attract more fans and have flexibility to increase prices in upcoming seasons. Last season, despite Covid restrictions, the Braves were able to grow revenue per game at double digit rates versus 2019. It's a testament to the success of the new ballpark and quality of the Braves team. In addition, the area surrounding Truist stadium (The Battery) has turned into a popular entertainment destination for Atlanta residents and visitors.

Madison Square Garden is the highest grossing entertainment venue in the world. Despite poor performance by the Knicks for the past 20 years (!), demand has proven to be inelastic. Likewise, although to a lesser extent, fan support for the Rangers is rabid despite lackluster team results. Madison Square Garden is also a choice venue for a wide range of entertainment activities beyond the Knicks and Rangers. The attractiveness of the venue for entertainers and fans alike provides Madison Square Garden with sustainable pricing power. The same can be said for other venues under the Madison Square Garden umbrella such as Radio City Music Hall, the Chicago Theatre and Beacon Theatre.

Multi-Family (5.1% of assets): FRP Holdings, a developer of commercial, industrial, mixed-use, and residential real estate along the Eastern Seaboard has been methodically constructing multi-family complexes predominantly in the DC metro area. The assets are in high demand with leasing activity robust despite many locations opening during Covid. Local DC regulations have also prohibited rental increases during Covid temporarily depressing pricing power. As these regulations will likely expire in 2022, FRP will be able to boost rents to catch-up with robust demand for their locations. Multi-family leases typically renew annually which allows management to get compensated for rising costs.

Single-Family (4.0% of assets): Five Point Holdings and Tri-Pointe Holdings own highly attractive land assets in supply constrained geographies. Both companies have taken advantage of the single-family housing boom by monetizing assets at attractive prices despite a challenged cost environment. Tri-Pointe and Five Point's exceptional asset quality coupled with insatiable demand for residential housing should allow them to grow intrinsic value despite higher costs and supply chain delays industrywide.

Retail (1.7% of assets): The investment thesis on InvenTrust is described earlier in this letter. Unlike the companies described above, InvenTrust is more vulnerable to higher prices. Lease terms are longer and operational cost pressures are more pronounced. On the other hand, grocery-anchored retail is less capital intensive, offsetting some of the rising cost pressures.

The appeal of InvenTrust is the special situation nature of the position and the potential to collapse the NAV discount as investors learn more about the company. It is not well-known, after recently moving from a private to a public REIT. Most importantly, its asset portfolio is grocery-anchored with assets in the Sun Belt states. It is also well-capitalized and has an inflated cost structure which should be addressed in the near-term. Those factors offset some of the inherent risks associated with retail real estate in an inflationary environment.

The fourth quarter 2020 shareholder letter included a chart which illustrated how large cap stocks (proxy: S&P 500) had outperformed Small Caps (proxy: Russell 2000) by historical amounts over the past ten years. Fund Management highlighted that the trend began to reverse in late 2020 and continued into 2021. As the chart below shows, large caps roared back over the last nine months of 2021 and now the large cap outperformance has exceeded peak levels achieved in 2020. The massive liquidity injected into the economy over the past two years has created dislocations, with disproportionate benefits to a select group of large cap equities. We are mindful of the impacts, and are seeking investment opportunities that have been left behind, coupled with the financial strength to endure a change in credit availability. As a result, we remain encouraged about the prospects for well-capitalized small cap companies especially in a rising rate environment.

S&P TOTAL RETURN MINUS RUSSELL 2000 TOTAL RETURN LAST TEN YEARS

Sources: Factset

Fund Management wishes you good health and prosperity in 2022! 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,

V.T. Cunningham

Vic Cunningham – CFA

IMPORTANT INFORMATION

This publication does not constitute an offer or solicitation of any transaction in any securities. Any recommendation contained herein may not be suitable for all investors. Information contained in this publication has been obtained from sources we believe to be reliable, but cannot be guaranteed.

The information in this portfolio manager letter represents the opinions of the portfolio manager(s) and is not intended to be a forecast of future events, a guarantee of future results or investment advice. Views expressed are those of the portfolio manager(s) and may differ from those of other portfolio managers or of the firm as a whole. Also, please note that any discussion of the Fund's holdings, the Fund's performance, and the portfolio manager(s) views are as of December 31, 2021 (except as otherwise stated), and are subject to change without notice. Certain information contained in this letter constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "project," "estimate," "intend," "continue" or "believe," or the negatives thereof (such as "may not," "should not," "are not expected to," etc.) or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or the actual performance of any fund may differ materially from those reflected or contemplated in any such forward-looking statement. Current performance results may be lower or higher than performance numbers quoted in certain letters to shareholders.

Date of first use of portfolio manager commentary: January 21, 2022

1 The Russell 2000® Value Index measures the performance of small-cap value segment of the US equity universe. It includes those Russell 2000® companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2000® Value Index is constructed to provide a comprehensive and unbiased barometer for the small-cap value segment. The index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set and that the represented companies continue to reflect value characteristics.

2 The term cash flow refers to the net amount of cash and cash equivalents being transferred in and out of a company.

THIRD AVENUE MANAGEMENT

SMALL-CAP VALUE FUND

AS OF DECEMBER 31, 2021

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FUND PERFORMANCE

As of December 31, 2021

	3 mo	YTD	1 yr	3 yr	5 yr	10 yr	Inception	Inception Date
Third Ave Small-Cap Value Fund (Inst. Class)	5.53%	25.84%	25.84%	14.46%	7.42%	10.38%	8.68%	4/1/1997
Third Ave Small-Cap Value Fund (Inv. Class)	5.46%	25.58%	25.58%	14.17%	7.16%	10.11%	9.23%	12/31/2009
Third Ave Small-Cap Value Fund (Z Class)	5.57%	26.01%	26.01%	14.59%	N/A	N/A	7.81%	2/28/2018

TOP TEN HOLDINGS

Allocations are subject to change without notice

	TASCX
UMB Financial Corp.	7.9%
MYR Group, Inc.	6.4%
Washington Trust Bancorp, Inc.	5.9%
Seaboard Corp.	5.3%
FRP Holdings, Inc.	5.0%
ICF International, Inc.	4.9%
Prosperity Bancshares, Inc.	4.5%
ProAssurance Corp.	4.3%
Southside Bancshares, Inc.	3.9%
Emcor Group, Inc.	3.3%
Total	**51.4%**

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 1.29%, 1.58% and 1.20%, respectively, as of March 1, 2021. TAM has agreed to waive all accrued entitlements related to the fiscal periods Oct 31, 2017 and Oct 31, 2018, which would have been subject to repayment until Oct 31, 2020 and Oct 31, 2021, respectively.

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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