THIRD AVENUE MANAGEMENT

SMALL-CAP VALUE FUND

AS OF MARCH 31, 2022

INSTITUTIONAL: TASCX | INVESTOR: TVSVX | Z: TASZX

PORTFOLIO MANAGER COMMENTARY

VICTOR CUNNINGHAM, CFA

Dear Fellow Shareholders,

The Third Avenue Small-Cap Value Fund (the "Fund") declined 0.44% during the first quarter of 2022 versus a decline of 2.40% for the Fund's most relevant benchmark, the Russell 2000 Value Index[1] (the "Index").

It was a volatile quarter due to higher interest rates and commodity prices as well as geopolitical events. Intra-quarter volatility was not surprising given the uncertain outlook. Notably, the Federal Reserve raising interest rates had a broad impact on asset prices globally. As the Federal Reserve continues to remove liquidity to offset high inflation, credit conditions will likely be tighter than it has been over the past two years. It could have profound impacts on many companies. The Fund's positioning for tighter credit conditions is outlined later in this letter.

Within the Fund, a rapid rise in oil prices benefitted the investment in oil services company, Tidewater, which more than doubled in price last quarter. Egg producer Cal-Maine Foods rose 49% due to improved earnings and fears of an avian flu outbreak that could restrict future supply. Thankfully, thus far, Cal-Maine has not been directly impacted, yet it is causing egg prices to rise nationwide. Those gains were partially offset by continued declines in Hamilton Beach Brands ("HBB") share price. Supply chain woes are pinching margins and volumes despite healthy top-line gains as HBB has increased prices to offset higher costs. Fund Management retains confidence in management's ability to navigate the supply chain crisis and believes HBB will be a long-term beneficiary of the residential housing boom. HBB's current valuation is a steep discount to our conservative NAV estimates. As a result, capital was allocated to HBB during the quarter and it is now a top ten position in the Fund.

ACTIVITY

There were no new positions added or eliminated in the first quarter. Fund Management took advantage of attractive opportunities within the portfolio, materially boosting exposure to Hamilton Beach Brands, InvenTrust Properties Corp and BrightSphere Investment Group. BrightSphere has been a fruitful special-situation investment experience for Fund shareholders. The position was initiated in early 2021 prior to a series of asset sales which significantly boosted the cash position of the company. A good portion of the cash was used to finance a partial tender offer for 40% of the shares outstanding at a significant premium to the Fund's cost basis. The Fund fully participated in the tender offer which closed in December 2021. Post the tender-offer, BrightSphere's share price declined irrationally. After reviewing the financials post tender-offer, the company was trading at a significant discount to our updated NAV estimate providing us an opportunity to scale back up the position. BrightSphere management remains open-minded to future resource conversion opportunities which provided added incentive to increase the position size.

PORTFOLIO UPDATE

There were 27 positions in the Fund at quarter-end, equal to the number of positions at December 31, 2021. Cash at quarter-end stood at roughly 4%, down from 8% at year-end.

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 first quarter, long-term compounders represented approximately 68% of the portfolio, and time-arbitrage/special-situation positions represented approximately 28%.

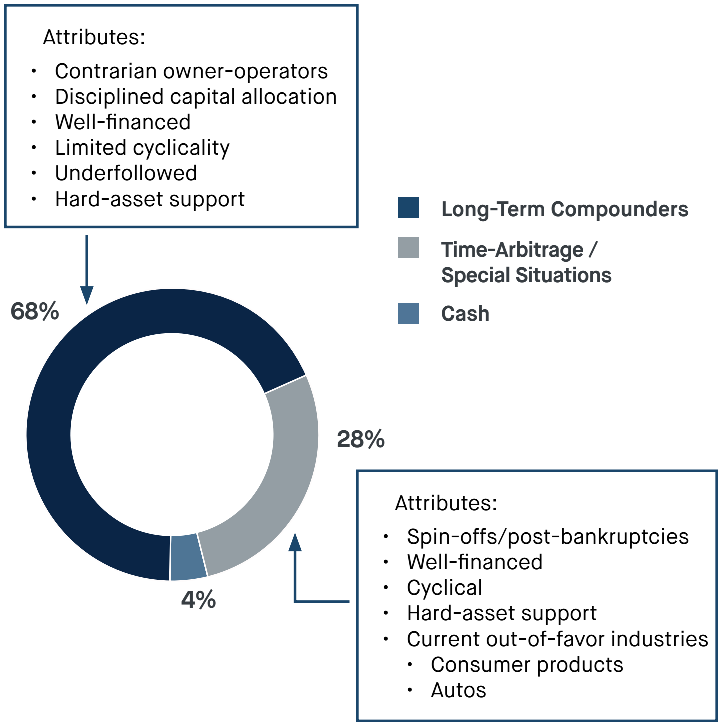
The Fund's compounder category (or "bucket") includes companies such as Seaboard (conglomerate), MYR Group (engineering and construction), and Westaim (financial services holding company). We believe balance sheet strength and prudent capital allocation should allow these companies to compound NAV for many years to come. Financial services companies are roughly 45% of the compounder category and largely comprised of well-capitalized regional banks which make up 21% of the total 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 was flat versus last quarter at 7%.

Following is a visual overview of the portfolio:

ASSET ALLOCATION AS OF MARCH 31, 2022



FUND POSITIONING

Our founder, Marty Whitman had a well-earned reputation for timeless quips. One of our favorites was during the Tech bubble when he summarized investor actions as a "flight to garbage". Investing over 20 years later, it feels similar in many ways. What's different this time is that instead of dot-com beneficiaries, companies with weak financial positions are being rewarded with rich valuations. Easy monetary/fiscal policy is the likely cause. Our friends at Jefferies summarized the current environment succinctly in the chart below.

LOW DEBT/CAPITAL VS. HIGH DEBT/CAPITAL

Methodology: accumulated monthly performance of the Russell 2000's lowest debt to capital quintile versus highest quintile.

Source: Jefferies, Russell 2000 Index, FactSet

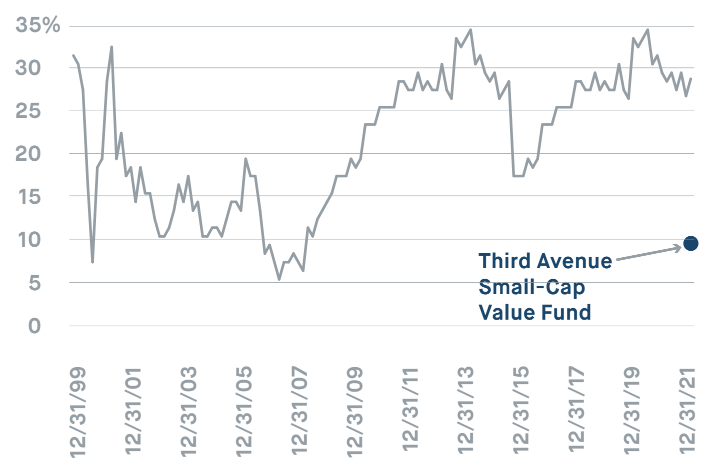
The chart in the lower left illustrates the performance of Russell 2000 companies with the lowest debt to capital versus companies with the highest debt to capital. The chart was revealing for a variety of reasons. First, it reaffirmed Third Avenue's balance sheet first approach. Prior to March 2020, low debt to capital companies comfortably outperformed over the past 25 years. That is not surprising. Second, monetary and fiscal largesse implemented in the wake of the Covid-19 crisis has created historic distortions. The outperformance by well-capitalized companies has been wiped out in just two years and is now at 25 year lows. Over the past year, we have consistently claimed that Federal Reserve actions have disproportionately benefitted the weakest companies, but until viewing the data above, we did not fully comprehend the magnitude. Finally, credit cycles pivot from one extreme to the other. Currently, we are in a period which favors leverage and risk taking. A simple mean-reversion favoring low-debt to capital businesses could result in powerful returns for well-capitalized companies.

The Federal Reserve began its tightening program last quarter and with fiscal restraint gaining some traction in Washington, better capitalized companies should regain prominence over the next few years. It is worth noting that credit spreads began to rise in 2022 further amplifying the dangers of excessive credit risks. The Fund is positioned for more normal times where financial strength is rewarded and excessive balance sheet risks are penalized.

Following is a summary of where the Third Avenue Small-Cap Fund is positioned relative to the Russell 2000 index[2]:

NET DEBT TO CAPITAL IN SMALL-CAP

Weighted Median, Ex Financials



Note: Figures reflect weighted median, excluding financial companies. Third Avenue Small-Cap Value Fund data point reflects position weights as of 3/31/22.

Source: RBC

YOLO (You Only Live Once) is a four-letter word at Third Avenue. As the chart above shows, primacy of the balance sheet drives decision making when allocating capital for our shareholders. It has been painful watching reckless companies benefitting from current market conditions, but not tempting. Well-capitalized companies outperform over time and Fund management seeks to avoid binary risks. With the prospects for tighter financial conditions in 2022 and beyond, patience, discipline and risk management should be rewarded. In addition, we are aligned with management teams that not only avoid excessive risks, but are also prepared to take advantage of dislocations when they occur.

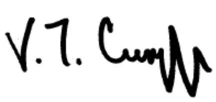
Finally, we ended last quarter's letter by highlighting the historic underperformance by Small-Caps. The underperformance continued in the first quarter. According to Jefferies, Small Caps represent just 4% of the US equity market vs a long-term average since 1930 of 7.4%. It makes sense as excess capital in the financial system is gravitating towards the most liquid securities and boosting valuations. When liquidity tightens, large cap beneficiaries could experience multiple compression as capital leaves the financial system resulting in Small-Caps reverting back to historical valuation levels as a percent of the US equity market.

TEAM UPDATE

We are pleased to announce Christopher Dowd joined the Small-Cap Value team in late 2021. Christopher is not only a graduate of the Whitman School of Business at Syracuse University, but also was an analyst on the Orange Value Fund during his time there. The Orange Value Fund is modeled after Marty Whitman's value investing philosophy. After graduating from Syracuse, Christopher has gained analytical experience in both public and private securities at both Aberdeen Standard Investments and MC Credit Partners. Christopher brings a lot of energy and analytical rigor to our team and we are thrilled he joined us.

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 – 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 March 31, 2022 (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: April 14, 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 Russell 2000® Index measures the performance of the small-cap segment of the US equity universe. The Russell 2000 Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000 is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set. (Source: FTSE Russell)

SMALL-CAP VALUE FUND

AS OF MARCH 31, 2022

INSTITUTIONAL: TASCX | INVESTOR: TVSVX | Z: TASZX

FUND PERFORMANCE

As of March 31, 2022

	3 mo	1 yr	3 yr	5 yr	10 yr	Inception	Inception Date
Third Ave Small-Cap Value Fund (Inst. Class)	-0.44%	5.72%	10.34%	7.17%	9.30%	8.57%	4/1/1997
Third Ave Small-Cap Value Fund (Inv. Class)	-0.50%	5.44%	10.08%	6.90%	9.03%	8.99%	12/31/2009
Third Ave Small-Cap Value Fund (Z Class)	-0.44%	5.80%	10.45%	N/A	N/A	7.21%	2/28/2018

TOP TEN HOLDINGS

Allocations are subject to change without notice

	TASCX
UMB Financial Corp.	7.4%
Seaboard Corp.	5.8%
Washington Trust Bancorp, Inc.	5.7%
Tidewater, Inc.	5.7%
MYR Group, Inc.	5.6%
FRP Holdings, Inc.	5.2%
ProAssurance Corp.	4.7%
ICF International, Inc.	4.7%
Prosperity Bancshares, Inc.	4.4%
Hamilton Beach Brands Holding Co.	4.2%
Total	**53.4%**

THIRD AVENUE MANAGEMENT

/third-ave-management

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:

622 Third Avenue, 32nd floor
New York, New York 10017
www.thirdave.com

E: clientservice@thirdave.com
P: 212.906.1160