SMALL-CAP VALUE FUND

AS OF JUNE 30, 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 8.03% during the second quarter of 2022 versus a decline of 15.28% for the Fund's most relevant benchmark, the Russell 2000 Value Index (the "Index").[1] During the first six months of 2022, the Fund was down 8.44% versus a decline of 17.31% for the Index.

In the first quarter letter, we quipped that equity markets were experiencing a "flight to garbage". In the second quarter, Mr. Market did a pretty good job of taking out the trash as many speculative companies were hammered. The impacts of rising interest rates in response to generational high inflation is starting to impact markets globally. Many equity indices have declined between 10% and 20% in 2022. And the Russell 2000[2] had its worst first half of the year (-23.43%) in history!

Caution is still appropriate as high yield credit issuance has dried up in 2022 and high yield spreads have now reached 600 basis points. A recent article in the *Wall Street Journal* highlighted a Federal Reserve gauge (Bond Market Distress Index[3]) was showing greater liquidity strains for both investment and non-investment grade debt. It is notable that non-earners in the Russell 2000 were down 35% in the first half of the year. As we have warned in the past, the easy money days of the 2020-2021 period are over. Knowing what you own and investing in companies with strong financial positions and the ability to generate cash from operations could prove fortuitous as speculative investing behavior unwinds.

Fund Management has often touted the benefits of concentration. The Fund is in the top 5% in terms of concentration among the Small Cap Value Morningstar peer group. It also maintains a high active share (98.5). Active share measures the differentiation of the holdings in a portfolio versus its index. The benefits of knowing what you own and concentrating investments on companies that possess the best risk/return attributes were evident in the second quarter. Roughly 50% of the Fund's assets are invested in its Top 10 positions. In the second quarter, each one of those positions outperformed the Index. Notably, three of the companies rose in the quarter including Hamilton Beach Brands (up 6%) which was the best performer in the Fund. Hamilton Beach Brands was highlighted last quarter as a company whose market capitalization had sunk to salivating levels in the wake of supply chain woes. The position was scaled up in response and Fund shareholders were quickly rewarded.

Fund Management receives many inquiries regarding concentration levels when speaking to investors and prospects. Ben Graham theorized that the benefits of diversification wear off between 10 and 30 positions. Our late founder, Marty Whitman, often claimed that diversification was a "damn poor" surrogate for knowledge. We concur with both investing legends. Knowing what you own, prioritizing downside protection first and thoughtfully constructing a portfolio which weighs allocations based on the best risk/return attributes makes the most sense to us. We are shareholders alongside you and remain determined to stick to our long-term contrarian investment strategy even when peers are trying to keep up with the crowd.

Finally, the following chart was posted on LinkedIn recently and punctuates the preceding commentary. Despite being one of the more concentrated Small Cap Funds, using volatility as a measure of risk, we are less volatile over all the periods shown below. In addition, Morningstar grades the Fund "low risk" versus peers in the Small Cap Value category using their internal metrics.[4] It's a credit to an investment approach that places high importance on risk management. Bottom line, don't judge a book by its cover.

STANDARD DEVIATION[5]

Time Periods *(as of 6/30/22)*	The Fund	Russell 2000 Value Index	Russell 2000 Index
3 Month *(Annualized)*	**14.99%**	17.79%	15.24%
1-Year *(Annualized)*	**11.79%**	15.70%	16.32%
3-Year *(Annualized)*	**19.49%**	25.10%	23.92%
5-Year *(Annualized)*	**18.44%**	22.49%	21.84%
10-Year *(Annualized)*	**15.69%**	18.59%	18.28%
Inception *(Annualized)*	**17.03%**	18.98%	20.28%

ACTIVITY

There were two new positions initiated (Chase Corporation and Supernus Pharmaceuticals) and Dorman Products was eliminated in the second quarter. The thesis on Chase Corporation is described in more detail below. Supernus will be highlighted in a future letter. Supernus was a notable healthcare investment as Fund Management has struggled to find investments in the Healthcare sector given stretched valuations. With the Healthcare sector down nearly 30% YTD, it provided an opportunity to add a healthcare company to the Fund. Dorman Products has been in the Fund since 2015. It is a high-quality company compounder and was a successful investment for Fund shareholders. Fund Management has a buy and hold mentality for compounder investments. In Dorman's case, the market capitalization rose above $3B in the second quarter which was one of the higher market capitalization securities in the Fund. Although market capitalization alone is not a sufficient reason to eliminate a position, when the capitalization approaches mid-cap levels and the valuation is elevated, it simplifies the sell decision. That was the case with Dorman Products. Given the volatility during the quarter, it also made sense to recycle the gains from Dorman into other small-cap companies with more attractive risk/return attributes.

Chase Corporation ("Chase") is a global specialty chemicals company that manufactures coatings, adhesives, and sealants across various products that require protection from environmental damage and electromagnetic interference. Chase is a company we have been following for multiple years, but finally reached our disciplined buy target this quarter after shares declined to historically-low valuation levels.

The investment was attractive for a number of reasons. First, it is an integrated participant in various industry supply chains such as: computer electronics, consumer appliances, 5G fiber optics, and infrastructure projects all of which provide diversifying characteristics for the Fund. Second, the Company has built a strong financial position (both relative to peers and on an absolute basis with a net cash balance sheet), combined with attractive free cash flow[6] generation and management that has shown a focus on shareholder returns. Third, industry concern is very high and near a consensus that there will be softness in future commodity chemicals pricing. While there is some validity to these concerns, we have identified Chase during our diligence as a company that has likely been underearning over the recent years, has resisted short-term price gouging, and has deliberately stayed in smaller/more insulated niche products to preserve its high margins. In our experience, when companies prioritize staying small in order to maintain shareholder returns (such as disposing of lower quality segments/assets, and monetizing non-core real estate) good things have tended to occur for shareholders over time.

Chase has a fairly straight forward roadmap to improve growth, optimize its capital structure and regain its historical valuation levels. Given the strength of its balance sheet, high-quality producing assets and a substantial discount to our estimate of the private market values for its business segments, we believe the risk-return profile remains highly attractive.

PORTFOLIO UPDATE

There were 28 positions in the Fund at quarter-end versus 27 at March 31, 2022. Cash at quarter-end stood at 4%, equal to the previous quarter-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 second quarter, long-term compounders represented approximately 68% of the portfolio, and time-arbitrage/special-situation positions represented approximately 28%.

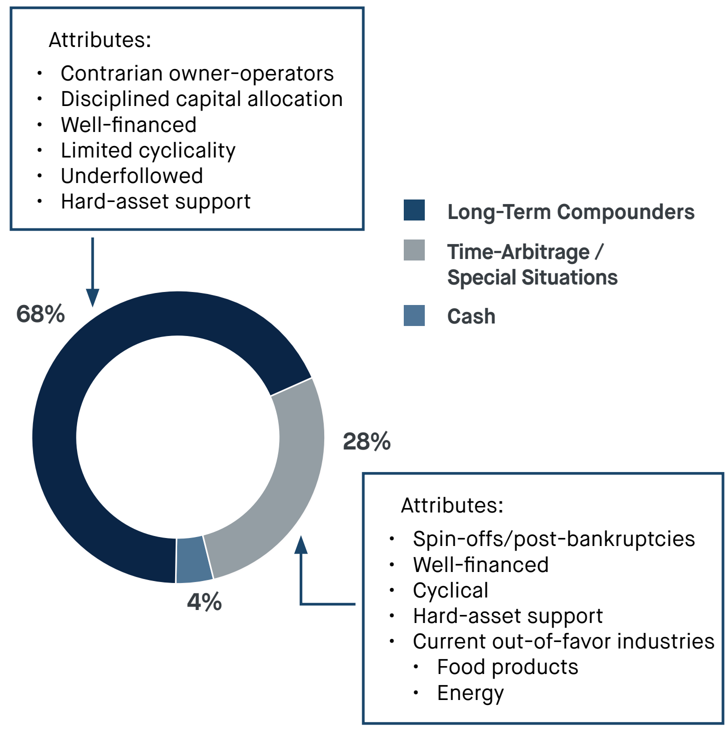
The Fund's compounder category (or "bucket") includes companies such as Seaboard (conglomerate), MYR Group (engineering and construction), and Westaim (financial services holding company). We believe balance sheet strength and prudent capital allocation should allow these companies to compound NAV for many years to come. Financial services companies are roughly 47% of the compounder category and are 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 Madison Square Garden Entertainment. 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 16%, which is more than double the 7% discount last quarter.

Following is a visual overview of the portfolio:

ASSET ALLOCATION AS OF JUNE 30, 2022

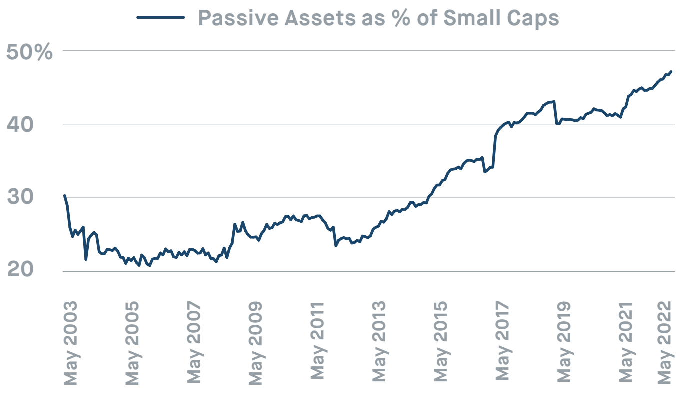


FUND POSITIONING

During the biographical film covering the Watergate scandal, *All the President's Men*, the Deep Throat character encourages the reporters to "follow the money". That is often sound advice, especially in politics. In investing, following the money is often a recipe for lackluster returns. Fund Management prefers a contrarian approach. 2022 has been a challenging year for investors, especially passive investors. By contrast, those who have adhered to active management strategies thus far have been rewarded this year. According to Jefferies, 85% of active investors who compete against the Russell 2000 Index outperformed this year. Impressively 88% of those who compete against our Index, the Russell 2000 Value, also outperformed.

As the chart below shows, passive assets have grown to 47% of the Small Cap market as of the end of May. Investors may be learning in 2022 that too much of something might not be a good thing.

PASSIVE IS NOW 47% OF THE SMALL-CAP MARKET

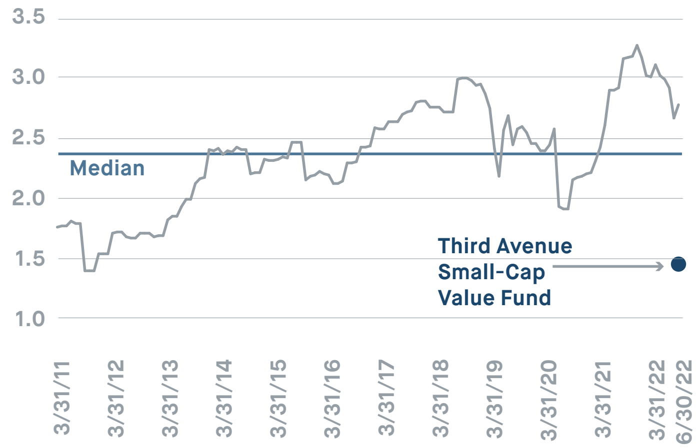


Source: EPFR; Jefferies

Fund Management has cautioned in the past about the deteriorating quality of Small-Cap Indices. Leverage levels and the percentage of non-earners in the Russell 2000 Index are near all-time highs. The challenge for value-oriented investors has been that valuations of indexed companies have grown due to healthy inflows into passive index funds despite deteriorating fundaments.

The following chart shows the valuation of the Russell 2000 Index (ex-financials) using the enterprise value to sales ratio[7] compared to the Fund. Fund Management chose enterprise value to sales as the valuation benchmark given how many companies in the Russell 2000 are not making money currently. Specifically, 42.3% of the companies counted in the Russell 2000 as of June 30, 2022 are non-earners on a trailing- twelve-month basis, compared to the historical average of 29.6%.

RUSSELL 2000 EV-TO-SALES



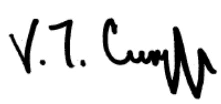
As of 6/30/22.
Source: FactSet; FTSE Russell; Jefferies

Up until 2022, poorly financed, low-returning companies have been thriving given a low interest rate environment, permissive equity and debt markets and a high degree of mindless investing. This year could mark a reversal of patterns that have been taking place as passive allocations have grown. If so, the value of fundamental, active investing could prove fortuitous.

Given the excesses built up over the years, there is a still room for Russell 2000 passive index valuations to converge to historical norms. We believe the Fund is a collection of well-capitalized companies with reasonable valuation multiples managed by contrarian management teams. Our approach is value-oriented and differentiated as our high active share indicates. Negative absolute returns are always painful, yet we are excited about the Fund's positioning as financial markets normalize. Finally, as volatility remains high, the new idea pipeline is healthy and improving.

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 June 30, 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: July 15, 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)

3 Bond Market Distress Index: The Corporate Bond Market Distress Index (CMDI) provides a precise and timely signal of corporate bond market functioning, coalescing information from multiple sources.

4 Morningstar "Low" Risk Rating for the 3, 5 and 10-year periods ended June 30, 2022. Morningstar Risk is an assessment of the variations in a investment's monthly returns in comparison to similar investments. The greater the variation, the larger the risk score. Investments with less than three years of performance history are not rated.

5 Standard Deviation: Standard deviation is a statistic that measures the dispersion of a dataset relative to its mean and is calculated as the square root of the variance. The standard deviation is calculated as the square root of variance by determining each data point's deviation relative to the mean.

6 Free Cash Flow: Free cash flow (FCF) represents the cash a company generates after accounting for cash outflows to support operations and maintain its capital assets. Unlike earnings or net income, free cash flow is a measure of profitability that excludes the non-cash expenses of the income statement and includes spending on equipment and assets as well as changes in working capital from the balance sheet.

7 Enterprise Value to Sales Ratio: Enterprise value-to-sales (EV/sales) is a financial valuation measure that compares the enterprise value (EV) of a company to its annual sales.

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AS OF JUNE 30, 2022

INSTITUTIONAL: TASCX | INVESTOR: TVSVX | Z: TASZX

FUND PERFORMANCE

As of June 30, 2022

	3 mo	1 yr	3 yr	5 yr	10 yr	Inception	Inception Date
Third Ave Small-Cap Value Fund (Inst. Class)	-8.03%	-4.60%	6.40%	5.03%	8.80%	8.12%	4/1/1997
Third Ave Small-Cap Value Fund (Inv. Class)	-8.11%	-4.89%	6.15%	4.76%	8.53%	8.07%	12/31/2009
Third Ave Small-Cap Value Fund (Z Class)	-8.01%	-4.54%	6.52%	N/A	N/A	4.74%	2/28/2018

TOP TEN HOLDINGS

Allocations are subject to change without notice

	TASCX
UMB Financial Corp.	7.2%
Tidewater, Inc.	6.0%
FRP Holdings, Inc.	6.0%
Seaboard Corp.	5.9%
MYR Group, Inc.	5.8%
Washington Trust Bancorp, Inc.	5.8%
Hamilton Beach Brands Holding Co.	4.9%
ProAssurance Corp.	4.6%
Prosperity Bancshares, Inc.	4.5%
ICF International, Inc.	3.9%
Total	**54.6%**

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 1.24%, 1.52% and 1.17%, respectively, as of March 1, 2022.

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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