THIRD AVENUE MANAGEMENT

VALUE FUND

AS OF JUNE 30, 2022

INSTITUTIONAL: TAVFX | INVESTOR: TVFVX | Z: TAVZX

PORTFOLIO MANAGER COMMENTARY

MATTHEW FINE, CFA

Dear Shareholders,

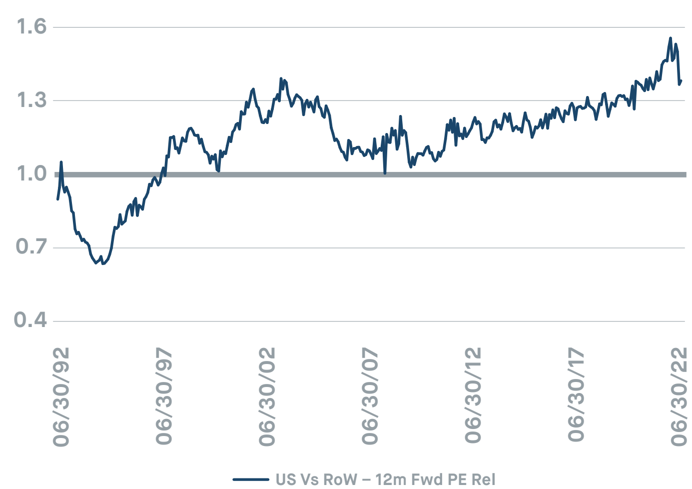
For the three months ended June 30th, 2022, the Third Avenue Value Fund (the "Fund") returned -12.51%, outperforming the MSCI World Index[1], which returned -16.05%. For further comparison, the MSCI World Value Index[2] returned -11.38% during the quarter. Over the trailing three-year period, the Fund's total return averaged 10.68% per year, which compares to 7.52% for the MSCI World Index and 5.30% for the MSCI World Value Index.

A decidedly negative quarter has concluded and your portfolio manager is frustrated by the decline. If there is a silver lining, it is that the Fund's relative performance during the quarter was substantially better than that of broad market indices and brought the Fund's year to date return to 0.49%, as compared to a loss of -20.29% for the MSCI World, thereby expanding upon substantial first quarter outperformance. The Fund's largest positive contribution during the quarter came from our SPDR S&P 500 put position, which worked effectively as a hedge against a broad-based U.S. equity market decline and was later eliminated during the quarter. The Fund also benefited from small positive contributions from a variety of holdings in Europe, Chile, Singapore and Hong Kong. On the other hand, the looming energy crisis, rising interest rates, and nagging Chinese COVID lockdowns have raised the probability of a global recession in the minds of many market participants. The net effect was a challenging June for commodity prices. The Fund's largest negative contributions derived from its two copper mining companies. We continue to view copper as one of the most fundamentally undersupplied natural resources and as having a very attractive long-term demand profile. Our thesis remains unchanged by recent commodity and stock price movements. Further, a series of recent copper production shortfalls at several of the world's largest mines, combined with frequent labor and civil disruptions in Chile and Peru, and the likelihood of a more onerous mining tax regime in Chile continue to limit production, discourage mining investment and exacerbate fundamental undersupply.

INVESTMENT OPPORTUNITIES ELSEWHERE

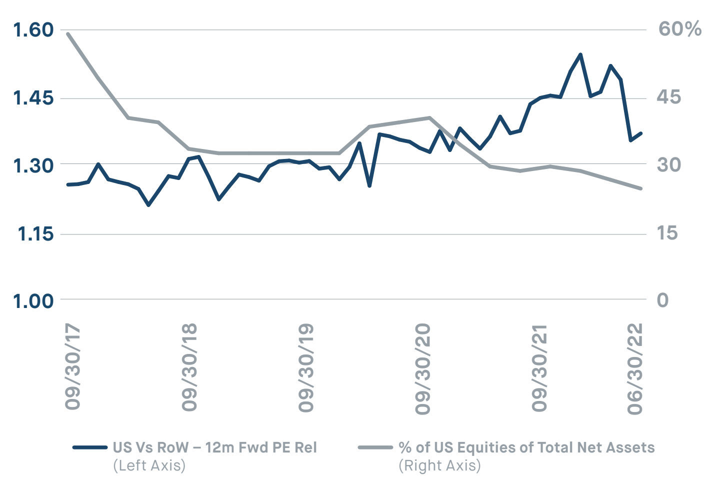
In recent years, our team has increasingly seen more attractive investment opportunities outside of the United States and that remains the case today, as can be seen in the investment activity section towards the end of this letter. As U.S. companies became increasingly expensive relative to equities in many other parts of the world (see chart 1 to the right), our bottom-up, price-conscious investing activity has led to a gradually falling weight of U.S. holdings within the Fund and a relatively larger weight in foreign currency-denominated holdings (see chart 2 to the right). During the first half of 2022, foreign currency-denominated holdings in general, the Fund's included, have continued to suffer an incredibly strong headwind generated by the relentless strength of the U.S. dollar. In the six months through June, the euro declined against the U.S. dollar by nearly 8%, the British pound by 11%, the Norwegian kroner by 12%, and the Japanese yen by 15%. The yen has reached a multi-decade low, the pound is flirting with an all-time low, the kroner is at its lowest levels in 50 years and, as the euro currently flirts with parity to the U.S. dollar, it has also neared its lowest levels in two decades. Various emerging market currencies are also at all-time lows relative to the U.S. dollar. These developments have created a frustrating performance headwind and add complexity to the job of portfolio management.

U.S. P/E[3] VS REST OF WORLD



Source: Berenberg

U.S. P/E VS REST OF WORLD & FUND WEIGHT IN U.S. HOLDINGS



Source: Berenberg and Third Avenue Management

CURRENCIES & CENTRAL BANK POLICY DIVERGENCE

A primary contributing factor driving the above-mentioned currency extremes is the increasingly divergent paths of major global central banks. Growing fear related to the perception that a global recession is at hand, which in turn frequently causes a rush towards the perceived safety of the U.S. dollar, is also at play. But, as it relates to central bank policy, the United States Federal Reserve ("Fed") has been forced to reprioritize the components of its dual-mandate with price stability now clearly superseding maximum employment. In other words, ensuring that high inflation does not become psychologically ingrained, and thus self-sustaining and pernicious, is now the Fed's most pressing initiative. The about-face has been dramatic and led to the end of quantitative easing, rising interest rates and the early days of a Fed balance sheet wind down. One could argue that the Bank of Japan ("BoJ") might define the other end of the spectrum, at least among the developed economies, by virtue of having doubled-down (or tripled-down?) on asset purchase programs. Even as inflation has begun to accelerate in Japan, at long last, the BoJ has pressed forward with an extreme policy stance. The European Central Bank's ("ECB") degree of policy supportiveness might rightly be described as falling somewhere between the U.S. and Japan. However, the apparent middle-ground position of the ECB belies something ominous. Recently the ECB explained that it intends to continue to use "crisis-era" tools to limit "fragmentation" in European sovereign credit markets during the transition to higher rates. This is simply a contrived way of saying that they intend to limit inter-country credit spreads within Europe, whether in a crisis or not. There is no way to characterize this activity as anything other than a concerted effort to frustrate capital market price discovery as a normal course of business. The policy initiative is, in itself, an acknowledgement that free market price discovery would push yields of extremely indebted, low-growth European nations, like Italy, far above those of financial stalwarts, like Germany, and is a brazen use of loosely defined central bank powers. The use of these tools to successfully keep Europe from disintegrating during the European Sovereign Crisis has, in the minds of the ECB officials, apparently given license to use them whenever they deem them beneficial. Importantly, this price obfuscation effort requires continued ECB asset purchases in European credit markets, and currency markets have reacted sharply to the divergence of such a policy relative to those of the U.S. Fed, which has ceased asset purchases and commenced the early days of balance sheet reduction. We shudder at the exceptional amount of hubris required to believe that monetary policy can be used to stifle capital market price discovery indefinitely without some type of eventual calamity. We are reminded of the Peter Principle and are increasingly fearful that during our careers one or more central banks will expand activities until it discovers its own "point of incompetence" and is faced with a broad reconsideration of its authority.

THE ATTRACTIVENESS OF EQUITIES, PUBLIC AND PRIVATE

In some segments of the investing community, there is a growing anger that being late to address U.S. inflation has created the need for rapid interest rate increases, which have unsettled financial markets and caused a substantial decline in U.S. equities, particularly so for U.S. equities of the "tech" variety. This anger is misplaced, in our view, for three reasons; a) even after the declines during the first half of 2022, the S&P 500[4] has returned nearly 13% per year over the last ten years, which is probably about 5% per year more than passive equity investors should expect over long periods of time, b) U.S. equities, as defined by large-cap indices like the S&P 500, are still quite expensive by almost any historical measurement and, therefore, the passive investing community could certainly be far worse off than it is today, and c) the anger ignores the fact that unprecedentedly accommodative interest rate policies were a critical part, possibly even the largest part, of driving asset prices to the extraordinarily high levels reached prior to the recent decline. We don't know if broad equity market declines will worsen but we continue to see U.S. equity markets, particularly in the large-cap arena, as generally expensive and mostly unattractive. The persistent argument that equities may be inexpensive, given where risk-free rates are today in the United States, was an incredibly unappealing thesis in our view when risk-free rates were at unprecedentedly low levels. That line of reasoning is only slightly less objectionable today with interest rates somewhat higher, although still very low by historical standards and decidedly negative levels in real terms. Furthermore, we continue to see an unusually large spread between the valuations of cheap companies and expensive companies, particularly in the U.S., far more attractively priced companies in the small-cap arena, globally speaking, and more attractive valuations outside of the United States. We think the probabilities of the Fund's success are elevated by a portfolio that is global, tilted meaningfully towards smaller capitalization companies, and is far and away less expensive than broad market indices, as measured by multiples of revenue, earnings, cash flows or book value.

	TAVFX	Index[6]
Weighted Market Cap[5]	$10.0 Billion	$340.0 Billion
Median Market Cap[5]	$3.6 Billion	$16.2 Billion
P/E Trailing 12-Mo[5]	8.4x	17.3x
Price-to-Sales[5]	0.7x	2.0x
Price-to-Cash Flow[5]	4.0x	10.9x
Price-to-Book[5]	0.8x	2.6x

Furthermore, at risk of taking readers on a tangent, we increasingly see private equity strategies as an area likely to produce a great deal of investor disappointment. It is not an exaggeration to say that 40 years of declining interest rates have played a great role in creating the industry that we know as private equity today. Over the last 20 years, declining interest rates have been the yin to the yang of rising multiples, in both public and private markets. In 2000, the U.S. ten-year treasury yield hovered around 6% and private equity buyout multiples averaged 6.8x EBITDA[7] in the United States, according to Bain & Company's private equity practice.[8] In 2021, with the ten-year yield averaging about 1.5%, buyout multiples averaged 12.3x EBITDA. Paying far higher acquisition prices could alone be viewed as a harbinger of lower future returns. However, when one also observes that multiple expansion has been responsible for more than half of investment returns enjoyed by buyout fund investors during 2015 – 2021, again according to Bain & Company, one has to consider whether there is scope for ever-increasing multiples and, therefore, whether historical returns can be sustained. Furthermore, if interest rates and multiples have an inverse relationship, what might happen to returns if interest rates continue rising and shrinking valuation multiples not only eliminate the tailwind that has created 50% of past returns but create a drag on returns by offsetting some of the returns generated through business fundamentals, such as revenue growth or margin expansion. While assets under management in traditional leveraged buyout funds have grown substantially in recent years, the large majority of private equity asset growth of late has been driven by growth equity and venture strategies. One also has to wonder about the probabilities of exit multiples rising versus falling for those particular flavors of private equity over the coming years. In fact, that train of ever-rising venture and growth equity multiples has already derailed to a large extent over the last twelve months. Lastly, according to McKinsey & Company, the average buyout in 2021 was financed with debt totaling roughly 7x EBITDA.[9] If we very conservatively estimate that buyout borrowing costs today are roughly 1.5% higher than they were in 2021, the additional interest expense incurred from the borrowing cost increase is likely to consume an additional 10% of the portfolio company's cash flows that would otherwise have been returns for buyout fund investors. To be very blunt, for all of those reasons, it would not be surprising if recent vintage years for buyout funds proved to be some of the worst on record. Meanwhile, coming back to the topic at hand, it would be equally unsurprising to see fundamental, value-oriented, public equity strategies prove to be a very appealing proposition, relatively speaking. As a wise man once said, "most things will prove to be cyclical". The Third Avenue Value Fund has averaged double-digit annual returns over its three decades of operation without the use of financial leverage and while providing daily liquidity. As an asset allocator, how confident are you that you will do better by locking up your capital for a decade in a rising rate environment and with prices being paid for buyouts at all-time highs?

ENERGY: UNDERINVESTMENT, RESILIENT DEMAND, DECLINING INVENTORIES

As we have noted in recent letters, we believe that the world has acutely underinvested in oil and gas production over the last seven or eight years, in so far as the world would like to have enough oil and gas to meet persistently growing global consumption. We also conceded in an earlier letter, in the context of a previous yield curve inversion, that we don't know when the next recession might arrive. These two concepts have collided in somewhat dramatic fashion recently. Oil prices, along with a wide range of other commodity prices, have declined meaningfully in recent weeks as fear of a global recession has become the prevailing sentiment in capital markets. We still don't know if a recession is afoot but we would offer a handful of additional thoughts related to energy markets. First, the Fund holds investments in service providers to the energy industry, rather than oil and gas producers themselves. Those investments totaled approximately 12% of the Fund, by weight, at quarter end. Oil service companies own and operate the assets required to identify new resources, bring them into production and keep them producing as planned. If one believes, as we do, that emerging market energy consumption growth will continue to produce global growth of oil and gas consumption, then the undersupply of energy is very likely to become increasingly acute unless spending on additional supply increases markedly. Oil and gas producer capex is forecast to grow in 2022 at the fastest pace since 2012 and investment is still forecast to be 45% below 2014 spending levels.[10] Furthermore, the decline in the price of oil during recent weeks does not reduce the probability of increasing spending on services given that the large majority of undeveloped hydrocarbon resources globally would be highly profitable to develop either at the oil and gas prices of one month ago or the prices today. The obstacle continues to be that oil producing companies, most notably the publicly-traded ilk, have been stubborn in backing away from their commitments to limit spending on new oil and gas resources. That backdrop however does appear to be evolving rapidly with U.S. and European governments literally begging, or otherwise extorting, oil and gas companies to invest in increased production. It is a resounding acknowledgement that the supply of oil and gas has been impacted by decarbonization efforts far more so than the consumption of oil and gas, leaving supply very tight. But what if a recession does develop and reduce oil and gas demand? JP Morgan recently produced an interesting analysis showing that since 1965 there have been ten years in which global oil demand has declined. Those years included the Iranian oil embargo (an experience defined by rationing, gas lines and very high prices), the Global Financial Crisis, the COVID pandemic, and so on. Interestingly, oil consumption declined by an average of 1 million barrels per day during those ten years. In the most recent OPEC Monthly Market Report, it is estimated that global oil consumption is likely to grow by 3.4 million barrels per day in 2022 as we continue to recover fully from the pandemic. It is also estimated that oil consumption will grow an additional 2.7 million barrels per day in 2023.[11] In order to envision that a recession will impact oil consumption by an amount sufficient to overwhelm the trajectory of consumption growth and historic underinvestment in supply, one must assume a very deep and protracted recession. Second, even as we have been recovering from the pandemic-reduced levels of oil consumption, OECD oil inventories have been depleting rapidly. During 2021, prior to Russia's invasion of Ukraine, OECD oil inventories declined by more than 1 million barrels per day, reflecting substantial undersupply. Even as OPEC has increased production quotas into 2022, to a point many believe is close to maximum production, OECD oil inventories have continued to fall meaningfully. Given the backdrop of historic underinvestment in oil supply, anemic supply growth, continuing demand growth, and depleting global inventories, it is challenging to think of a recession as anything other than a speed bump on the road to increasingly undersupplied energy markets. That is, of course, if the recession eventuates at all.

QUARTERLY ACTIVITY

During the quarter ended June 30th, 2022, the Fund purchased shares of Taiheiyo Cement Corporation ("Taiheiyo"), shares of Ashmore Group plc ("Ashmore"), and shares of S4 Capital plc ("S4").

Taiheiyo is the largest cement manufacturer in Japan. It is also one of the bigger cement producers in the U.S. through its wholly owned subsidiary, CalPortland, which operates primarily in California. A healthy balance sheet has enabled Taiheiyo to finance itself at extremely low interest rates and broaden its reach in attractive markets. The company's U.S. footprint is due to expand further with its recently announced agreement to acquire a Northern California cement plant, related distribution terminals, and ready-mix concrete assets from Martin Marietta Materials at what appears to be a fair price. The acquisition is expected to close before the end of this year. The two companies have also agreed to a preferred arrangement for the sale of an additional cement plant and distribution terminals, which would further consolidate the Southern California market, if they so choose. Taiheiyo also owns and operates cement plants in China and Southeast Asia. The overseas cement operations have taken on greater importance within the company in recent years and earnings generated outside of Japan now comprise the majority of profits. Like its Japanese peers, Taiheiyo's domestic business has long suffered from a stagnant Japanese market where demand peaked in the 1990s and has fallen steadily since. More recently, rising fuel costs at a time of muted demand have created a challenging set of circumstances in which to fully offset energy cost inflation through price increases. Taiheiyo is working to address the issue with the introduction of a novel coal price surcharge system, which is intended to help the business react faster to fluctuating input costs. Conversely, Taiheiyo finds itself in a much more attractive position in the U.S. The U.S. cement market continues to be structurally undersupplied, which has allowed Taiheiyo and much of the industry to realize healthy profitability over long periods of time through price increases and high capacity utilization. Taiheiyo's stock price appears to be suffering from association with the uninspiring backdrop of its home market and a lack of attention being paid to the very attractive U.S.-based business, which comprises the largest portion of its business value. Looking at valuation another way, if we assign only a modest value to Taiheiyo's Japan-based assets, the current market cap attributes almost no value to its U.S. and other overseas assets.

Ashmore is a London-based investment management company specializing in emerging market credit and equity strategies. As of March 31st 2022, Ashmore managed almost $64 billion, nearly 40% more than five years ago. Most of these assets are invested in debt-related strategies; however, assets under management in equity strategies have grown to a great degree over the past two years thanks to both investment performance and net inflows. While Ashmore seeks out investments in emerging markets, it also manages assets for investors outside of global financial centers with roughly 25% of firm AUM managed for clients domiciled in emerging markets. This asset gathering is accomplished through both its global platform and local operations in Latin America, the Middle East, and Asia. One such enterprise is Ashmore Asset Management Indonesia, a publicly-traded subsidiary listed through an IPO in 2020. Ashmore continues to hold 30% of the stock and may ultimately apply a similar playbook to monetize other subsidiaries as revenues in various geographies grow. Cash and securities have piled up on Ashmore's balance sheet despite the company paying a large percentage of earnings out as dividends to shareholders each year. With Ashmore's stock price having declined meaningfully amidst the prevailing emerging market gloom, Ashmore's balance sheet cash and securities currently total approximately half of the company's market cap. Management alignment with shareholders is achieved through compensation linked to ambitious corporate goals and investment strategy performance over the long-term and the company's founder/CEO and employees remain among Ashmore's largest shareholders today. At a share price of less than 5x earnings, as adjusted for its cash and securities, we view this as an opportune time to invest in a company that has been navigating global emerging markets for more than two decades.

S4 Capital plc ("S4") is a well-financed digital advertising and marketing services company with operations spanning the Americas, Europe, the Middle East, and the Asia Pacific region. Headquartered in London, the Company operates across three segments; Content, Data & Digital Media, and Tech Services. Unique among peers, S4 provides a comprehensive offering to clients, combining expertise across digital advertising, data analytics, and digital transformation services. Furthermore, as a company newly formed in 2018 to operate exclusively within the digital advertising and marketing space, S4 is not burdened by a structurally declining traditional advertising business, as are its larger peers. S4 was founded and continues to be led by one of the world's most successful advertising company entrepreneurs, Martin Sorrell. Sorrell and a highly experienced team of partners have rapidly built a formidable platform, benefiting from strong secular tailwinds, and have succeeded as a result of strong organic growth and the acquisition and integration of various digital media businesses. That said, S4's success and growth have come with challenges, too. A 2021 accounting restatement, even though the amounts ultimately proved to be largely immaterial, resulted in a fair amount of reputational damage and questions surrounding the robustness of financial controls and the strains of rapid growth. We believe the company has addressed past missteps with an impressive seriousness of purpose and an understanding that a reputational overhang on its share price could potentially impact its capacity to acquire companies and, therefore, its acquisitive business model. The Company brought in a new and highly experienced CFO and made a variety strategic hires to improve financial controls and audit functions at the practice, group, and board levels. After a precipitous decline in the share price, the Fund initiated a position in S4 Common at a discount to our estimate of intrinsic value. Going forward, we would expect the share price to eventually reflect the Company's strong underlying growth prospects, margin expansion potential, deal-making acumen, and restored reputation.

Thank you for your confidence and trust. We look forward to writing again next quarter. In the interim, please do not hesitate to contact us with questions or comments at clientservice@thirdave.com.

Sincerely,

Matthew Fine, 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 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. Please see Appendix for performance table and information. One cannot invest in an index.

2 MSCI World Value: The MSCI World Value Index captures large and mid-cap securities exhibiting overall value style characteristics across 23 Developed Markets (DM) countries. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield. Source: MSCI

3 Price-to-Earnings Ratio: Price-to-earnings ratio (P/E ratio) is the ratio for valuing a company that measures its current share price relative to its earnings per share (EPS).

4 S&P 500 Index - The S&P 500 Index, or Standard & Poor's 500 Index, is a market-capitalization-weighted index of 500 leading publicly traded companies in the U.S.

5 Source: FactSet Portfolio Analytics. Based on equity holdings only.

6 The "Index" referenced reflects the iShares MSCI World ETF which seeks to track the investment results of the MSCI World Index which is composed of developed market equities.

7 EBITDA stands for Earnings Before Interest, Taxes, Depreciation, and Amortization and is a metric used to evaluate a company's operating performance. It can be seen as a proxy for cash flow from the entire company's operations.

8 Bain & Company Global Private Equity Report 2022

9 McKinsey Global Private Markets Review 2022

10 JP Morgan estimates

11 OPEC Monthly Market Report – July 2022

THIRD AVENUE MANAGEMENT

VALUE FUND

AS OF JUNE 30, 2022

INSTITUTIONAL: TAVFX | INVESTOR: TVFVX | Z: TAVZX

FUND PERFORMANCE

As of June 30, 2022

	3 mo	1 yr	3 yr	5 yr	10 yr	Inception	Inception Date
Third Ave Value Fund (Inst. Class)	-12.51%	-1.83%	10.68%	4.53%	7.17%	10.02%	11/1/1990
Third Ave Value Fund (Inv. Class)	-12.56%	-2.09%	10.40%	4.27%	6.90%	5.51%	12/31/2009
Third Ave Value Fund (Z Class)	-12.48%	-1.74%	10.78%	N/A	N/A	4.09%	3/1/2018

TOP TEN HOLDINGS

Allocations are subject to change without notice

	TAVFX
Bank of Ireland Group PLC	6.7%
Warrior Met Coal, Inc.	6.1%
Tidewater, Inc.	5.0%
Subsea 7, S.A.	4.3%
Bayerische Motoren Werke AG	4.1%
CK Hutchison Holdings, Ltd.	3.8%
Deutsche Bank AG	3.7%
Boskalis Westminster	3.6%
Comerica, Inc.	3.4%
Capstone Copper Corp.	3.3%
Total	**44.0%**

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 1.22%, 1.47% and 1.16%, 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, 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:

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

E: clientservice@thirdave.com
P: 212.906.1160