VALUE FUND

AS OF MARCH 31, 2022

INSTITUTIONAL: TAVFX | INVESTOR: TVFVX | Z: TAVZX

PORTFOLIO MANAGER COMMENTARY

MATTHEW FINE, CFA

Dear Shareholders,

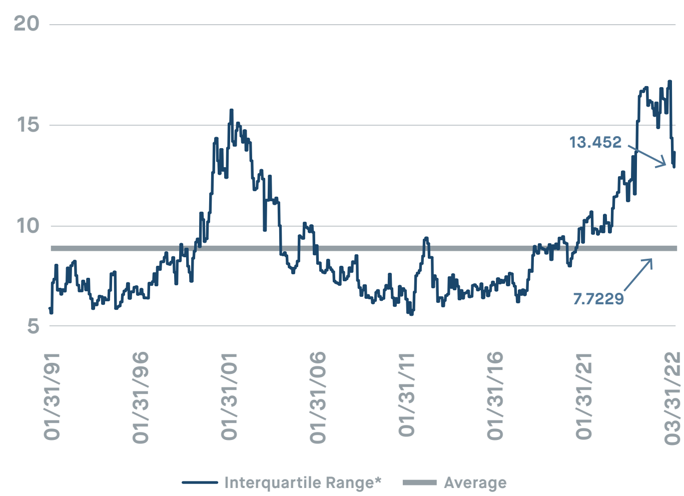
For the three months ended March 31st, 2022, the Third Avenue Value Fund (the "Fund") returned 14.87%, compared to the MSCI World Index, which returned -5.04%.[1] For further comparison, the MSCI World Value Index returned -0.48%[2] during the quarter, outperforming the MSCI World Index by 4.56%. Over the trailing three year period, the Fund's total return has averaged approximately 14.93% per year.

In the letter that follows, we will attempt to cover an unusually wide breadth of topics, in part because fellow Fund shareholders have asked so many compelling questions of late, but also because our team is energized by a variety of recent developments. In consideration of your time, we will be as brief as we are able.

UPDATE ON THE STATE OF VALUE

Several of our recent shareholder letters and webinars have charted growing distortions in U.S. equity markets. An ever-widening spread between the statistical valuations of expensive companies and inexpensive companies had been the order of the day in recent years. Beneath the surface was a profound and incessant increase in the valuation multiples assigned to the most expensive companies, while less expensive companies mostly stayed about the same in terms of valuation. As recently as the second half of 2020, that valuation disparity reached levels rarely seen before. However, as noted above, during the first quarter of 2022, the MSCI World Value Index substantially outperformed the MSCI World Index by 4.56%, while outperforming the MSCI World Growth Index[3] by an even larger 9.13%. This stark outperformance of value strategies begs for an update to track the progress of reconciliation towards a more "normal" relationship, in a historical context, between cheap and expensive. In a word, the first quarter put a decent dent in the gaping distortion, but we still have a long way to go to "normal", at least as it relates to U.S. equity markets. We would further make the statements that U.S. equities, in the aggregate, still look unusually expensive and that, anecdotally, our best guess is that there are a great many high growth U.S. companies for which valuations still have a long way to fall. Both anecdotal and statistical evidence also lead us to side with those who have concluded that valuations are far more attractive in a variety of other geographies including Europe, Japan and parts of Latin America.

S&P 500[4] INTERQUARTILE P/E[5] RANGE



Source: Company Reports, Berenberg
*The Interquartile Range measures the difference between the 75th percentile (higher) and 25th percentile (lower) P/E multiple of S&P 500 Index constituents.

RESOURCE CONVERSIONS

Furthermore, we are pleased with the Fund's strong positive return this quarter, particularly in light of virtually all broad equity market indices having produced negative returns. There are several relatively obvious drivers of the Fund's outperformance such as: a) the avoidance of extremely expensive and profitless companies with extraordinarily ambitious expectations built into their share prices, a type of investment which generally performed very poorly during the quarter, b) ownership of several commodity producing companies while growing shortages of specific commodities (even prior to the pandemic or the Russian invasion of Ukraine) have resulted in rising commodity prices and rising profits for the companies producing them, and c) ownership of inexpensive European banking businesses, which are benefiting from a growing perception that interest rates are likely to increase for some time, even in Europe. Indeed, many sovereign yields in Europe have risen nearly as much as U.S. yields during the first few months of 2022, albeit from a lower starting point. Yet, embedded within all Third Avenue Management investment theses is consideration given to what we refer to as "resource conversion potential." In layman's terms, we work to understand how value might be created for owners of a business through activities other than the profit generated by existing operations. These include activities such as business unit sales, mergers and acquisitions, spin-offs, financial or operational restructuring, dividend recapitalizations, use of tax assets, and the like. Analysis of a company's resource conversion potential often demands an understanding of many varied factors including the history of the company, its industry structure, the motivations of control parties and corporate boards, and, in some cases, a sense of a various regulatory environments. On this front, we would describe the most recent quarter as an example of how the resource conversion element of our approach can serve to enhance returns over time. During a fairly eventful quarter, Royal Boskalis Westminster's share price benefited from the announcement of a privatization offer from its largest shareholder, Hal Trust. Capstone Copper completed its business combination with Mantos Copper, creating a mid-cap copper mining company with one of the most attractive production growth profiles in the industry and powerful synergistic benefit. Tidewater announced the acquisition of Swire Pacific Offshore for cash and shares in a transaction that evidences Tidewater's unique position as a financially able consolidator of assets, at an extreme cyclical low, within an industry characterized by highly indebted balance sheets. Tidewater was the Fund's best performing investment during the quarter. Further, Interfor closed on the previously agreed upon acquisition of smaller peer EACOM, a transaction that increases Interfor's lumber production capacity by roughly 25%, and long-time Fund holding CK Hutchison received U.K. regulatory approval to complete the sale of its U.K. cellular towers to Cellnex. This latter transaction was the largest piece of CK Hutchison's multi-country tower sale agreement and will itself result in a EUR 3.7 billion payment to CK Hutchison at a purchase price we found extremely pleasing.

HITTING THE CURVE

Recent inversions within the U.S. yield curve have received an enormous amount of press lately. Yield curve inversions have frequently been harbingers of recessions, so it's hard not to give recent developments some consideration. Some of the narratives that connect yield curve inversions to recessions are: a) the rising front end of the yield curve is sometimes indicative of tightening credit conditions, which, in turn, aid in bringing about a recession or that b) inflationary pressures are high presently, but will abate in the future, either as a result of an economic slowdown or because economic activity will be reined in by more stringent policy. Our crystal ball is probably no better than average in predicting these outcomes but we will offer several thoughts for perspective and to share how these developments may influence portfolio management. All comments are made with the preface that we are speaking specifically about the United States. First, interest rates have risen but this is, in our minds, a scenario in which yields on shorter-dated U.S. treasuries are rising as a result of reduction of the artificial force of quantitative easing that had held them down to microscopic levels. This is a different proposition than a natural credit tightening, per se, in which demand for credit is outstripping supply of credit and the price of borrowing is rising as a result. The phenomenon we are witnessing today looks more like a beach ball that has been held under water with great effort and is now being allowed to rise to the surface. Second, as interest rates rise, we should expect to see some deterioration in credit quality broadly and it may or may not be associated with a recession. Credit losses have been held at incredibly low levels in most of the developed world by an array of government and central bank policies and one could argue that it would be healthy to lay a few zombies to rest. Third, I was recently reminded of a passage in Paul Volcker's memoir in which he described taking over as Chairman of the Federal Reserve Board in 1979. He noted the outrageous situation of a Fed policy rate that was already at 10% prior to his arrival, but needed an immediate lift in light of inflation running close to 15%. That was a historic time but with March CPI[6] at 8.5% and policy rates currently targeted to reside between 0.25% - 0.50%, we are arguably even more "behind the ball" than the Fed was prior to Volcker's arrival. The entire U.S. interest rate curve has moved up quite a bit recently and probably needs to move a lot more. Some strange things may happen to its shape in that process. Fourth, is a U.S. recession coming? Yes, a recession is almost certainly coming. A recession is always coming, we just don't know precisely when. That we don't know when the next recession is coming is also always the case. There are very few people who have been able to execute a successful investment strategy based on predicting the timing of economic cycles and do so repeatedly over numerous cycles, and I am not one of them. More success has been achieved by preparing for repeated recessions at unpredictable intervals. The companies held within the Fund have a range of economic sensitivities. A few will be challenged by high inflation while others will likely thrive as a result. Some of our holdings are likely to benefit handsomely from higher interest rates, namely our banks and insurance companies. And even though we expect credit losses to rise somewhat, most banks in the United States and in Europe have never been better capitalized during my entire adult life than they are today. More broadly, we are confident that today the Fund's holdings are as well-capitalized as they have ever been, and are in sound shape to endure a recession whenever it arrives.

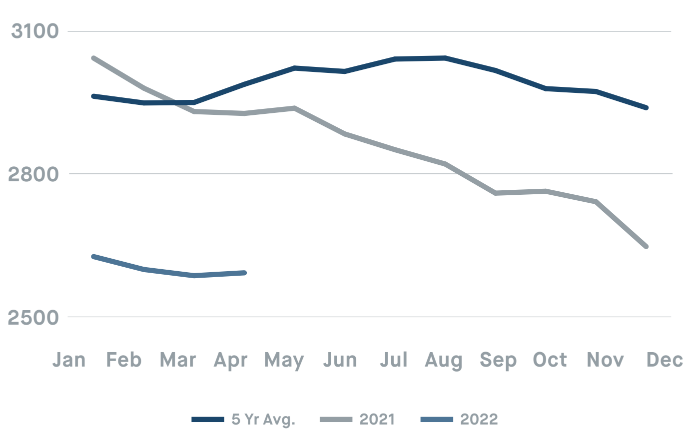
ENERGY, TOOTHPASTE TUBES AND INFLATION

In our previous quarterly letter, we included a section titled "Houston, We Have a Problem." It outlined several concepts, most notably that global oil and gas consumption growth has, to date, showed no sign of slowing, in spite of efforts to reduce its use. We also noted our view that years of sharply reduced spending on the development of global oil and gas resources would prove problematic given the unimpeded growth of oil and gas consumption. Finally, we attempted to articulate why an increase in oil and gas production would be difficult to achieve, as a result of a decimated oil services industry, should companies and governments eventually deem a production increase desirable. All of that was written before Vladimir Putin invaded Ukraine. Having previously laid that foundation, we now feel compelled to update our commentary.

Starting with the most fundamental points, Vladimir Putin has invaded a neighboring country with an unprovoked military assault killing thousands of Ukrainian civilians. We pray for an immediate end to the violence and casualties. To the extent those prayers are answered and the murderous rampage ends, we still struggle mightily to see how NATO-allied nations could justify lifting economic sanctions. A peaceful resolution will not bring back lost lives or undo the destruction. Moreover, there is now a glaring understanding that there is a madman at the helm of a Russian monarchy. Toothpaste cannot be put back into the tube and it would be an unconscionable disgrace were Russia's former status in the global economy and global energy markets to be reinstated, failing a wholesale Russian regime change. If we are correct in the assumption that sanctions and increasing separation of the Russian economy from the global economy will persist for some time, we think it is reasonable to expect significant and lasting disruptions to energy supply. In the words of the International Energy Agency ("IEA"), "we see the potential for a shut-in of 3 million barrels per day of Russian oil supply starting from April, but losses could increase should restrictions or public condemnation escalate." Furthermore, the global outrage is so acute that many foreign companies have chosen to "self-sanction" and have moved to sell or abandon assets in Russia. For the oil and gas industry, as well as mining industries, which have been among the most significant areas for foreign investment in Russia, it appears very likely that most foreign capital and expertise will be unavailable to Russia for the foreseeable future. It is possible that a lack of foreign capital and equipment will have a meaningful impact on Russian oil and gas development and production, as well as transportation infrastructure, for years to come. Lastly, Western Europe now understands that its dependency upon Russian energy is a deal with the devil, but a global lack of investment in oil and gas development in recent years has left few places to turn for oil and gas supply with which to cure itself of Russian dependency. It is currently our view that a substantial increase in oil and gas investment is very likely to occur globally over the coming years. The reality is that, prior to the invasion of Ukraine, oil and gas capital spending was already beginning to rise meaningfully, even if not widely advertised. The global increase of investment spending was a response to an obviously increasing fundamental undersupply of oil and gas.

Further, we were struck by the White House announcement that 180 million barrels of oil would be released from the U.S. Strategic Petroleum Reserve ("SPR") over the next six months, averaging one million barrels per day. First, the announcement was clearly intended to portray a seriousness of purpose in combatting the inflationary pain being felt by U.S. households. However, if that goal was achieved it is because many in the audience do not realize that global consumption of oil is in the neighborhood of 36 billion barrels per year, so the SPR release amounts to something like one half of one percent of annual consumption. It is also not well appreciated that the U.S. government has been releasing barrels from the SPR since 2017, during which time the SPR has been reduced by roughly 130 million barrels. Since the end of 2019, meaning immediately before the pandemic, the U.S. government has released 70 million barrels from the SPR, during a period of pandemic-reduced demand, and still The Organization for Economic Cooperation and Development (OECD) inventories have continued to crater and the price of oil has risen by roughly 70% during the twelve months ending March 31st 2022.

TOTAL OECD OIL INVENTORIES



Source: IEA Carnegie Research

Lastly, we can't leave the conversation without commenting on the merits of the SPR policy choice. Since the SPR release announcement, the price of gasoline hasn't budged but let's assume that it will follow oil prices over time, which have fallen by approximately 10% since the announcement. We are being generous here in the sense that approximately half of the oil price decline came well after the announcement and seems to be driven more by Shanghai anti-COVID measures, but so be it. Presumably, the impact of the SPR announcement on oil prices has been relatively limited because it is plainly obvious to energy market participants that the SPR release is temporary and its scope pales in comparison to the potential disruption to Russian energy exports. However, to put a 10% price reduction in perspective, as it pertains to saving U.S. consumers money at the pump, the U.S. Department of Transportation estimates that the average U.S. driver logs 13,476 miles per year and that average passenger vehicle fuel efficiency is 22.9 miles per gallon. AAA estimates that average gasoline prices were $4.11 per gallon last week. If we put all of those numbers together, we estimate that, at today's gasoline prices, the average U.S. driver would spend about $2,420 per year on gasoline per year. If the 10% savings assumed above is achieved, that would amount to about $240 per year, but keep in mind the SPR release is only a six month plan, so the back of the envelope estimate suggests about $120 per driver of total savings. Very small potatoes. Savings of $120 per driver in exchange for giving up approximately 30% of our nation's entire strategic petroleum reserve? The world is already running short of energy and a madman, who also happens to be one of the world's largest energy exporters, is waging unprovoked war in Europe. To put it mildly, this all appears penny-wise and pound-foolish.

As a parting thought, we offer one more bit of perspective from the back of our envelope to help put the SPR and other policy choices in perspective. According to the St. Louis Fed, the median price of a house in the United States rose by 14% year over year through December 2021, the most recently available data.[7] Meanwhile, the Freddie Mac U.S. Mortgage Market Survey estimates that average mortgage rates rose from 3.17% to 4.67% year over year through March 2022. If we put ourselves in the position of a median homebuyer, purchasing a home with 10% equity, our total mortgage service expenses have risen by about $515 per month, or $6,180 per year, as compared to what they would have been one year ago. In other words, the increased expense burden for someone purchasing a median-priced U.S. house, as compared to one year ago, is more than 50 times the size of what the SPR release looks like it might save drivers. If I was in the White House drawing up a plan to attack cost of living increases, I would be much more focused on increasing the supply of housing than making temporary minor adjustments to the price of gasoline.

QUARTERLY ACTIVITY

During the quarter ended March 31st, 2022, the Fund purchased shares of Compañía Sud Americana de Vapores S.A. ("CSAV") and shares of Ultrapar Participações S.A. ("Ultrapar").

CSAV is a holding company based in Chile and listed on the Santiago Stock Exchange. The company, which is ultimately controlled by another Fund holding, Quiñenco S.A., has a long and rich history leading to its current form. For decades, CSAV was the largest container shipping company, container terminal operator, and tug operator in Latin America. Prior to Quiñenco's involvement, the company had increasingly drifted into disrepair and confronting its issues eventually required several very large rights offerings. CSAV was improved considerably through Quiñenco's years-long effort to the point where it could eventually be pulled apart in order to achieve value creation. With its tugs and ports assets having been separated, CSAV's container shipping business was then combined with Hapag-Lloyd AG to form one of the world's largest container shipping companies. The transaction made CSAV a large shareholder in Hapag-Lloyd, which would later merge with yet another container shipping company, further participating in the global consolidation of the industry. As result of all of these transactions, CSAV's primary asset today is its 30% holding in publicly-traded Hapag-Lloyd. At the moment, CSAV trades at a discount of roughly 75% to the value of its holding in Hapag-Lloyd. Container shipping companies are presently enjoying supernormal profits and we do not expect that Hapag-Lloyd will remain this profitable for a protracted period of time, but recent windfall profits have allowed the company to completely deleverage its balance sheet, bringing it to a point of overcapitalization, while also radically increasing dividend payouts. Hapag-Lloyd itself is currently trading at an approximate 11% indicated dividend yield[8] and CSAV receives its proportionate dividend payment. With CSAV trading at a 75% discount to its stake in Hapag-Lloyd, that dividend yield, which has been flowing directly through CSAV to CSAV shareholders, is magnified by roughly four. Indeed, in early April, CSAV announced a dividend proposal which, when combined with a dividend it paid earlier in the year, amounts to a roughly 40% yield on the current share price. This level of dividends won't last forever but it doesn't need to last long in order for a substantial portion of our investment to be repaid in cash. Lastly, one might ask why CSAV exists at all at this point. The answer is that CSAV still has tax assets, accumulated during its troubled past, with which it shelters the income of the present. However, there is reason to believe that tax assets may be exhausted in the not too distant future given the size of dividends currently flowing to CSAV. In our view, it is reasonable to surmise that once CSAV no longer serves that functional tax sheltering purpose, it might be wound down in one of several ways. In each path, the size of the current discount to NAV would then become very relevant in thinking about the gains that might accrue to CSAV shareholders from that resource conversion event.

Ultrapar is a Brazilian fuel distribution and storage business. Operating under the Ipiranga brand name, Ultrapar is one of three companies with dominant fuel distribution networks in Brazil. With more than 7,000 service stations, Ipiranga holds an approximate 19% market share in Brazilian vehicle fuel distribution and also operates a related convenience store business under the AmPm brand. Ultrapar also operates one of Brazil's largest Liquefied Petroleum Gas ("LPG") distribution businesses as well as one of Brazil's largest bulk liquids storage terminal networks. The Brazilian equity market has, in recent years been a relatively poor performer, particularly as measured in U.S. dollars. Ultrapar is one example of a relatively high quality Brazilian business that is currently available at valuation levels we haven't seen in some time. Additionally, like many businesses in Brazil, the fuel distribution business has a few country-specific complexities. In the main, we would say that the overall direction of policy in Brazil has made operating the business more straightforward and the separation of several businesses in the energy storage and distribution arena from state-controlled Petrobras is gradually allowing the industry to operate in a more traditional arms-length manner. Further, as it relates to Ultrapar specifically, in recent years, it is generally accepted that Ipiranga has been the least well operated of the big three fuel distributors. This is most glaringly evidenced by routinely inferior fuel distribution margins. Ultrapar also spent years making ill-advised acquisitions in an attempt to diversify, a process which is currently being put into reverse. The disposition of several large but non-core businesses has led to a substantial cash inflow recently, putting Ultrapar on excellent footing to make operational improvements and, potentially, to make strategic additions to its business. This strategy will be executed by a new CEO, to whom Ultrapar's controlling family has made a considerable financial commitment. We have high-regard for the new CEO, having familiarity with him from his previous career at Cosan S.A., another one of Brazil's big three fuel distributors. In summary, we think that there is a lot of room for operational improvement as well as general valuation upside at Ultrapar.

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 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 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 The MSCI World Growth Index captures large and mid cap securities exhibiting overall growth style characteristics across 23 Developed Markets (DM) countries*. The growth investment style characteristics for index construction are defined using five variables: long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate and long-term historical EPS growth trend and long-term historical sales per share growth trend. Source: MSCI

4 S&P500 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 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).

6 The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. Source: BLS

7 Source: fred.stlouis.org/series/MSPUS

8 The dividend yield, expressed as a percentage, is a financial ratio (dividend/price) that shows how much a company pays out in dividends each year relative to its stock price. Source: Investopedia

VALUE FUND

AS OF MARCH 31, 2022

INSTITUTIONAL: TAVFX | INVESTOR: TVFVX | Z: TAVZX

FUND PERFORMANCE

As of March 31, 2022

	3 mo	1 yr	3 yr	5 yr	10 yr	Inception	Inception Date
Third Ave Value Fund (Inst. Class)	14.87%	17.08%	14.93%	7.99%	8.44%	10.58%	11/1/1990
Third Ave Value Fund (Inv. Class)	14.77%	16.77%	14.63%	7.72%	8.17%	6.79%	12/31/2009
Third Ave Value Fund (Z Class)	14.88%	17.17%	15.03%	N/A	N/A	7.80%	3/1/2018

TOP TEN HOLDINGS

Allocations are subject to change without notice

	TAVFX
Bank of Ireland Group PLC	6.5%
Warrior Met Coal, Inc.	6.1%
Capstone Mining Corp.	5.6%
Deutsche Bank AG	4.6%
Tidewater, Inc.	4.5%
Lundin Mining Corp.	3.7%
Bayerische Motoren Werke AG	3.7%
Dassault Aviation S.A.	3.7%
Comerica, Inc.	3.7%
CK Hutchison Holdings, Ltd.	3.6%
Total	**45.7%**

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:

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