THIRD AVENUE MANAGEMENT

SMALL-CAP VALUE FUND

AS OF MARCH 31, 2020

INSTITUTIONAL: TASCX | INVESTOR: TVSVX | Z: TASZX

PORTFOLIO MANAGER COMMENTARY

VICTOR CUNNINGHAM, CFA | EVAN STRAIN, CFA

Dear Fellow Shareholders,

We hope you and your loved ones are safe and healthy during these unprecedented times. For those impacted by COVID-19, our thoughts go out to you. In our 4Q 2019 letter, we pointed out what a difference a year makes when reflecting on 2019 vs. 2018. Today, we find ourselves reflecting on what a difference a quarter makes, given how much has changed over the past three months.

The Third Avenue Small-Cap Value Fund (the "Fund") declined -29.59% during the first quarter of 2020 versus -35.66% for the Fund's most relevant benchmark, the Russell 2000 Value Index (the "Index"). Although the Fund's relative outperformance is noteworthy, our primary objective is absolute returns, which were disappointing. Yet, our confidence in the Fund's future prospects is unprecedented. Evan and I both eagerly added to our holdings during the quarter. The overriding objective of this letter is to describe how the portfolio is positioned given the extreme changes in the economic environment. It is your capital, and we want you to fully understand what you own and to share our optimism in the Fund's prospects.

Fund attribution in the quarter was barbelled. Two thirds of the portfolio comfortably outperformed the Index, led by the agricultural investments (Cal-Maine and Alico), large net-cash holding companies (FRP Holdings and Argan), and global restructuring advisor FTI Consulting. The Fund's energy and bank investments in aggregate lagged.

In previous communications, Fund Management highlighted the risks of excessive leverage building in small-cap companies. Analyzing equity securities from a creditor's perspective is deeply embedded in Third Avenue's history and investment process. Credit risks were exposed in the first quarter as the global economy ground to an abrupt halt due to the COVID-19 pandemic. The Fund's high active share (97.22% at March 31, 2020) and exposure to well-capitalized companies provided a degree of shelter when most asset classes were under extreme pressure. Small caps in particular were cast off to an even greater extent than many other asset classes, extending an unprecedented stretch of underperformance relative to large caps. According to a recent report from Jefferies, 1Q 2020 was the worst quarter for the Russell 2000 ever. Jefferies also analyzed the ten worst-performing quarters for small caps dating back to the Great Depression. Interestingly, the average return over the subsequent six months was 26%. We believe the prospects for small caps to lead the market out of the recent rout grows stronger each day.

ACTIVITY

Activity during the quarter was heavy, given the breadth of opportunities presented by the extreme market volatility. Fund Management added three positions and eliminated one. In addition, we altered position sizes in our ongoing endeavor to allocate the Fund's capital to its highest and best use. The aggregate portfolio discount to our mid-case, conservative NAV estimates expanded significantly from 16% at year-end to 57%. To put that figure in perspective, our estimated aggregate portfolio discount was 30% after the last market swoon in 4Q 2018.

Fund Management's emphasis on improving sell discipline paid dividends in the first quarter. The Fund had close to 7% of the portfolio held in cash when the market sell-off began. Most importantly, an elimination during January of the Fund's Viad investment was fortuitous. As a reminder, Viad is an international firm that owns an exhibition and conference management business as well as a collection of travel and recreation assets. Although Viad had been a Fund holding for nearly five years and had generated strong returns for the Fund, it was a time-arbitrage/special-situation investment given the cyclicality of its businesses, so when it reached our estimate of NAV we dispassionately recycled the Fund's capital out of the investment. Although the threats from COVID-19 had little bearing on our sale at the time, the price of its shares declined more than 70% following the sale, as the collapse of the travel and expo industries will impair its businesses. While we're grateful to have sidestepped this development, we hold Viad's team in high regard and our analysis of the company continues given the ongoing opportunity to reinvest.

At this point in time all of us are facing plenty of unanswered economic questions. Fund Management is choosing to focus on what we know rather than what we do not know. Our key focus remains to allocate portfolio funds to well-capitalized companies that, based on our projections, will not need access to the capital markets anytime soon. In addition, we are seeking irreplaceable assets and contrarian management teams who have access to resources and the will to take advantage of the dislocations in the marketplace. The three new investments listed below (Cal-Maine, Central Securities, and Liberty Braves) fit that criteria.

Before diving into the new positions, it is worth mentioning the value of patience and discipline. Investing patiently can be aggravating as there are plenty of times when it can feel unproductive. Companies are vetted, but being vigilant about price often results in those companies remaining on watchlists afterwards for extended periods of time. All three companies added this quarter were researched and written up at least a year ago. We gained intimate knowledge of the companies during our due diligence process and continued monitoring them subsequently. When their security prices fell to our target levels during the first quarter, we were able to deploy capital quickly. Patience is indeed a virtue.

CAL-MAINE

Cal-Maine is the world's largest producer of shell eggs, selling its products under well-known brands such as Eggland's Best. Long-term shareholders of the Fund may also recognize the company as a prior Fund holding from years ago, during which time it generated strong returns for the Fund. During the first quarter, volatility in the company's shares presented another compelling opportunity to invest at a discount to the value of its high-quality asset base and normalized earnings power.

There are a number of things that Fund Management finds particularly attractive about Cal-Maine. First, the company's fully-integrated asset base would be very hard to replicate. Its scale and state-of-the-art operations enable it to be the lowest-cost producer and a critical part of America's food system. Second, Cal-Maine is led by an owner-operator management team with a track record that has been superb—as operators, investors, and financiers. Importantly, management has consistently maintained a pristine balance sheet, with effectively no debt and sizeable cash balances currently. Similar to the Fund's long-term holding Seaboard, Cal-Maine's strong financial position has afforded management the ability to make large reinvestments of cash flows back into the business and to consolidate the industry through acquisitions. As we mentioned in the agriculture commentary in our last shareholder letter, growth in consumer demand for specialty products, such as cage-free eggs in the case of Cal-Maine, require capital investments that many smaller and less well-capitalized peers are ill-equipped to fund, particularly as the current credit environment becomes less accommodating. Lastly, Cal-Maine's business has been very resilient over the long term and through economic cycles, with demand for its products structurally growing with the population, and per-capita egg consumption taking share from other animal proteins such as beef. During periods of economic uncertainty such as the current COVID-19 crisis, demand for Cal-Maine's products also benefit from eggs being a convenient and low-cost food staple. All of these attributes have resulted in Cal-Maine compounding value at extraordinary rates over the long term—around 20% on a per share basis—and we are confident that the company's strong track record will continue going forward.

CENTRAL SECURITIES

Central Securities is a distinctive closed-end investment company that has been on Fund Management's radar for some time. After monitoring the company for a number of years, the recent volatility in the markets created an unusual opportunity to invest in Central at a large discount to the value of its unique portfolio of high-quality holdings. Although Central is not especially well-known within the closed-end fund universe, it is one of the oldest, originating in 1929, and our assessment is that it is assuredly one of the most successful.

Central is led by long-time CEO and owner-operator Wilmot Kidd who has quietly amassed one of the most successful long-term track records in the investment industry. Over the last four decades, Central has compounded value on a per-share basis at north of 13%, dramatically outperforming the broader market. Unlike a majority of peers, Central has achieved this unusually long track record with an absence of leverage, which has created pitfalls for peers over the years. Kidd also shares our views regarding patience and a willingness to hold cash. Although he very seldom engages with the press, or in any form of promotion, Kidd did express in one of his rare interviews a belief that investment managers add most of their value in bear markets.

Perhaps the most intriguing aspect of Central is its largest holding, a private insurer named Plymouth Rock, which itself has a remarkable track record of compounding value and is led by another skilled owner-operator, Jim Stone. Central's investment in Plymouth is particularly noteworthy given our assessment indicates that Plymouth is a very high-quality insurance operator whose intrinsic value is well north of Central's carrying value of the asset and a source of hidden value for Central shareholders.

LIBERTY BRAVES GROUP

The Liberty Braves Group is a tracking stock of Liberty Media, which is ably led by John Malone and his team. Malone is arguably one of the best financiers and capital allocators of our lifetime. The Fund has successfully invested alongside Malone in the past with other Liberty securities including Liberty Media and Liberty Starz. In true Malone fashion, he acquired the Braves Group assets in a tax-free exchange for shares of Time Warner in 2007. The tracking stock assets are comprised of the Atlanta Braves baseball team operations, their new ballpark, and an 82-acre multi-use real estate development named the Battery Atlanta surrounding the baseball stadium.

When we initially underwrote Liberty Braves in 2017, we admired its irreplaceable assets and management team, but not the price of the security. Over the past three years, the new stadium opened, the Braves improved from a sub-500 team to winning two consecutive NL East regular-season titles, and the first phase of the real estate project was successfully completed. Needless to say, the near-term outlook is cloudy with the start of the 2020 baseball season uncertain. On the other hand, we felt that the risks from this were embedded sufficiently in current market prices to justify a starter investment position. In addition, we would note that sports became a rallying cry for the nation following the 9/11 tragedy, and a similar condition could develop again as the COVID-19 crisis moves behind us. We also acknowledge that sports attendance will likely be challenged for some time, but we believe demand for content from various media providers will represent a significant offset. Meanwhile, the real estate projects continue to build value as the Battery Atlanta has quickly become a hub for commercial tenants and entertainment in Atlanta. Finally, given Malone's prowess, we are confident that the Liberty Braves Group has the wherewithal to endure through the near-term revenue headwinds and continue building value over the long term.

POSITIONING

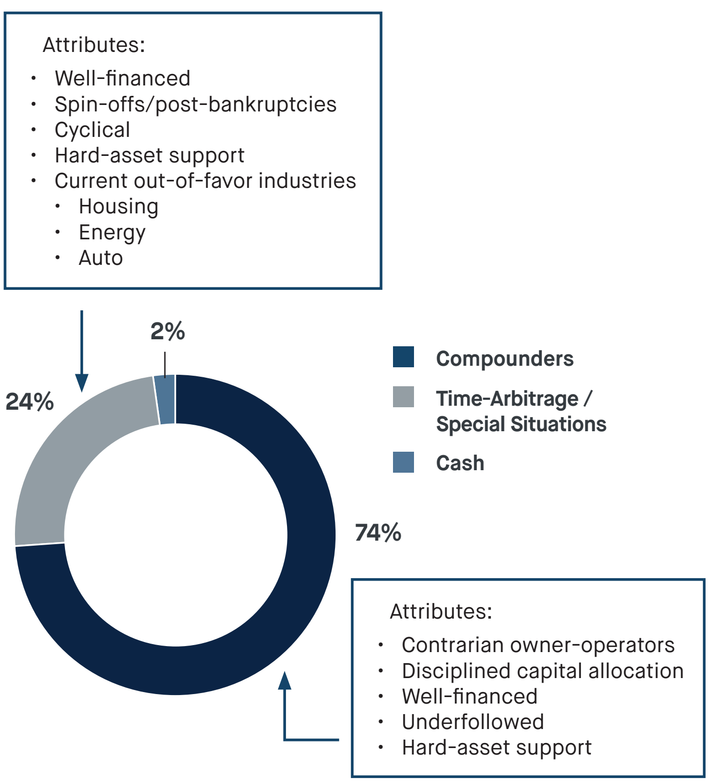
There were 31 positions in the Fund at quarter-end, up from 29 at December 31, 2019. Cash at quarter-end stood at roughly 2%. Fund Management often categorizes our holdings as either long-term compounders or time-arbitrage/special-situation positions based on the companies' characteristics. At the end of 1Q, long-term compounders represented approximately 74% of the portfolio, and time-arbitrage/special-situation positions represented approximately 24%.

Included within the Fund's compounder bucket are companies such as Seaboard (conglomerate), MYR Group (engineering and construction), and Westaim (financial services holding company), where we believe balance sheet strength and prudent capital allocation should allow these companies to compound NAV for many years to come. Financial services companies make up roughly one third of the compounder category, which is largely comprised of well-capitalized regional banks and thrifts.

The time-arbitrage/special-situations bucket predominantly comprises energy services companies such as Tidewater and SEACOR Marine, real estate-related holdings such as TRI Pointe and Five Point Holdings, and other out-of-favor, misunderstood companies such as auto supplier Cooper Tire & Rubber. 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 following is a visual overview of the portfolio:

ASSET ALLOCATION AS OF MARCH 31, 2020



FUND STRATEGY

Given the unprecedented impact COVID-19 will have on the economy, it is safe to assume few companies will be unaffected. Companies will be stress-tested for the balance of 2020 and perhaps beyond. We believe that it will be important to exercise intellectual humility and be willing to pivot as the ultimate impacts reveal themselves.

The balance of this letter will focus on our priorities for allocating capital during these troubled times. There are three core priorities: 1) seek to avoid permanent impairments, 2) invest with companies that have ample access to capital, and 3) align with management teams that have the will to invest capital in uncertain times. By drilling down on how the portfolio investments match up against these critical priorities, we hope to offer you a thorough understanding of the financial strength of the companies held in the Fund and the attributes of the management teams allocating their capital. As our late founder Marty Whitman once said, "If you have good management, it will convert resources into value." That line encapsulates our optimism for the Fund's holdings.

NAVIGATING THROUGH ECONOMIC DISRUPTION

1. **Avoid permanent impairments:**

   While managing assets during the Global Financial Crisis, what we witnessed was that security prices eventually do rebound—so long as the companies in question remain solvent and avoid raising capital from a position of weakness. Fund Management has examined each position in the portfolio over the past month, scrutinizing the companies' liquidity availability and payment schedules for all liabilities. We feel very comfortable that the portfolio companies can withstand an extended period of weaker-than-expected operating results. The debt maturity schedules for the portfolio's companies are well-placed and timed. Fund Management's attraction to management teams that are skilled financiers pays dividends during times like the present.

2. **Invest with companies that have ample access to capital:**

   Roughly half of the non-financial companies in the portfolio maintained a net-cash balance sheet at year-end. Four of these companies carry no debt. In addition to analyzing balance sheets, we also examined objective measures such as the Altman Z-score to assess financial strength. The Altman Z-score is a measure of credit strength for non-financial companies. Encouragingly, based on analysis performed on 3/28/20, the non-financial portfolio companies achieve high scores, indicating very limited risk of financial stress. Finally, we are also paying close attention to the corporate debt securities of the Fund's holdings as debt markets can sometimes correct more quickly than equity markets and serve as a leading indicator of financial stress.

   Given that banks require alternative forms of analysis, we compared the current capital ratios of the Fund's bank holdings with federal regulatory minimums. Following is a chart displaying the findings. It's worth pointing out that the ratios for most of the Fund's financial holdings far exceed the minimum levels presented below and that these holdings are ultimately some of the most well-capitalized banks in the industry:

	TASCX Minimum	Federal Regulatory Minimum
Tier I Capital	>10%	6%
Tier I Leverage	>9%	4%
Total Capital	>12%	8%

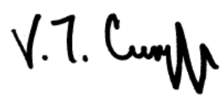
3. **Align with management teams that have the will to invest capital opportunistically**

   Resource conversion activities have been understandably muted over the past month, as management teams have needed time to assess the new reality. On the other hand, we saw insider buying across more than 40% of the current portfolio companies during the first quarter. It is an impressive leading indicator of management's confidence in their respective companies. Fund Management is also confident that this will likely be a precursor for resource conversion activity during the balance of the year. We remain highly attracted to contrarian management teams that will use periods of disruption such as the current environment in order to play offense while others are forced to play defense due to fear or weakened financial positions.

We will conclude this letter on positive note. In February, Evan Strain was promoted to Co-Portfolio Manager of the Fund. It was a well-deserved promotion. He has played an instrumental role on our investment team since joining Third Avenue in 2011. All members of the Third Avenue team appreciate his insights, hard work, and collegiality.

We hope that you and your families remain safe during these challenging times. We especially 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

Evan Strain

IMPORTANT INFORMATION

Date of first use of portfolio manager commentary: April 8, 2020

SMALL-CAP VALUE FUND

AS OF MARCH 31, 2020

INSTITUTIONAL: TASCX | INVESTOR: TVSVX | Z: TASZX

FUND PERFORMANCE

As of March 31, 2020

	3 mo	1 yr	3 yr	5 yr	10 yr	Inception	Inception Date
Third Ave Small-Cap Value Fund (Inst. Class)	-29.59%	-22.19%	-6.45%	-1.31%	5.19%	6.78%	4/1/1997
Third Ave Small-Cap Value Fund (Inv. Class)	-29.66%	-22.37%	-6.69%	-1.56%	4.94%	5.13%	12/31/2009
Third Ave Small-Cap Value Fund (Z Class)	-29.58%	-22.11%	N/A	N/A	N/A	-11.88%	2/28/2018

TOP TEN HOLDINGS

Allocations are subject to change without notice

	TASCX
MYR Group, Inc.	7.8%
UMB Financial Corp.	5.3%
ICF International, Inc.	5.0%
ATN International, Inc.	5.0%
Customers Bancorp, Inc.	4.8%
Cal-Maine Foods, Inc.	4.7%
FRP Holdings, Inc.	4.4%
FTI Consulting, Inc.	4.0%
Comfort Systems USA, Inc.	3.9%
Seaboard Corp.	3.7%
Total	**48.6%**

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 1.34%, 1.64% and 1.24%, respectively, as of March 1, 2020. TAM has agreed to waive all accrued entitlements related to the fiscal periods Oct 31, 2017 and Oct 31, 2018, which would have been subject to repayment until Oct 31, 2020 and Oct 31, 2021, respectively. Risks that could negatively impact returns include: fluctuations in currencies versus the US dollar, political/social/economic instability in foreign countries where the Fund invests, lack of diversification, volatility associated with investing in small-cap securities, and adverse general market conditions.

Third Avenue Funds are offered by prospectus only. The prospectus contains important information, including investment objectives, risks, advisory fees and expenses. Please read the prospectus carefully before investing in the Funds. Investment return and principal value fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. For updated information or a copy of our prospectus, please call 1-800-443-1021 or go to our website at www.thirdave.com. Distributor of Third Avenue Funds: Foreside Fund Services, LLC.

Current performance results may be lower or higher than performance numbers quoted in certain letters to shareholders.

THIRD AVENUE MANAGEMENT

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Third Avenue offers multiple investment solutions with unique exposures and return profiles. Our core strategies are currently available through '40Act mutual funds and customized accounts. If you would like further information, please contact a Relationship Manager at:

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