

Third Avenue Small-Cap Value Fund

THIRD AVENUE
MANAGEMENT

An Uncommon Approach to Small-Cap Value Investing.

Institutional: TASCX | Investor: TVSVX | December 31, 2016

Portfolio Team

Chip Rewey, CFA

Lead Portfolio Manager

25 years of investment experience

Tim Bui, CFA

Co-Lead Portfolio Manager

34 years of investment experience

Strategy Description

Our Small-Cap Strategy seeks long term capital appreciation by investing in equity securities of small capitalization companies in the US that we believe to be mispriced by the market.

Fund Facts

Inception Date	4/1/97
Minimum Investment (Inst.)	\$100,000
Minimum Investment (Investor)	\$2,500
Gross Expense Ratio (Inst.) [†]	1.14%
Gross Expense Ratio (Investor) [†]	1.39%

[†] As of March 1, 2016

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 share class is 1.14% and investor share class is 1.39% as of March 1, 2016. Risks that could negatively impact returns include: overbuilding and increased competition, increases in property taxes and operating expenses, lack of financing, vacancies, environmental contamination and its related clean-up, changes in interest rates, casualty or condemnation losses, and variations in rental income.

Third Avenue Funds are offered only by prospectus. The prospectus contains important information, including investment objectives, risks, advisory fees and expenses. Please read the Prospectus carefully before investing or sending money. For a current Prospectus please visit our website at www.thirdave.com, or call 800-443-1021. Distributor of Third Avenue Funds: Foreside Fund Services, LLC.

4Q16 Highlights

- For the quarter, the Fund returned 8.9% versus 14.1% for the Russell 2000 Value Index. Relative returns were indicative of the fact that the Fund was underweight the sectors that led the post-election rally, notably the most "balance sheet-challenged" sectors non-regional bank financials, Energy and Materials. Within the quarter, stock selection in Industrials and Financials was strong while Energy and Health Care stocks was weaker.
- Our differentiated approach to stock selection is evident in that three of our six new buys are securities of companies that are not represented in our primary index. Post the strong finish to 2016, our work-in-process lists are still full with potential investment ideas and we have the framework and discipline to harvest top performers to fund new buys.

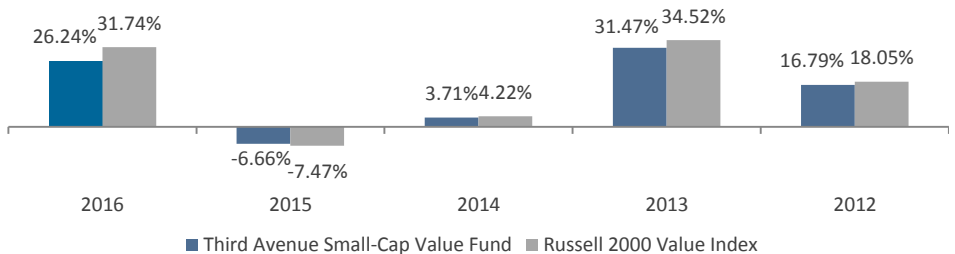
Top Ten Holdings

Allocations are subject to change without notice

	TASCX	INDEX ⁵
Commerce Bancshares, Inc.	3.4%	-
UMB Financial Corp.	3.1%	0.3%
WCI Communities, Inc.	3.0%	0.1%
Insight Enterprises, Inc.	2.7%	0.1%
Southside Bancshares, Inc.	2.6%	0.1%
Cubic Corp.	2.6%	0.1%
Multi-Color Corp.	2.5%	-
ICF International, Inc.	2.4%	0.1%
Prosperity Bancshares, Inc.	2.3%	0.4%
Cullen/Frost Bankers, Inc.	2.3%	-
Total	26.9%	1.2%

⁵Active Share is the percentage of a fund's portfolio that differs from the benchmark index.

Performance Snapshot



Annualized Investment Performance

	3 mo.	1 yr	3 yr	5 yr	10 yr	Inception
Third Avenue Small-Cap Value Fund (Institutional Class) ²	8.85%	26.27%	6.92%	13.42%	5.60%	9.00%
Third Avenue Small-Cap Value Fund (Investor Class) ³	8.75%	25.93%	6.65%	13.15%	N/A	10.73%
Russell 2000 Value Index ⁴	14.07%	31.74%	8.31%	15.07%	6.26%	9.84%

1. Source: FactSet Portfolio Analytics

2. Institutional Share Class Inception Date: April 1, 1997.

3. Investor Share Class Inception Date: December 31, 2009.

4. The Russell 2000 Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. Index performance reported since inception of Institutional Share Class.

Active Management, High Active Share*

95.65%

Active Share vs. Russell 2000 Value Index^{1,5}

63

Total Equity Holdings

Total Assets

\$318.3 million

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Fund Highlights

- Team's philosophy and investment process leads to generally off-benchmark investments; diversifier.
- Concentrated, high conviction portfolio consists of 60-65 holdings and low cash position.
- The strategy has garnered significant interest lately and has capacity to deploy capital.

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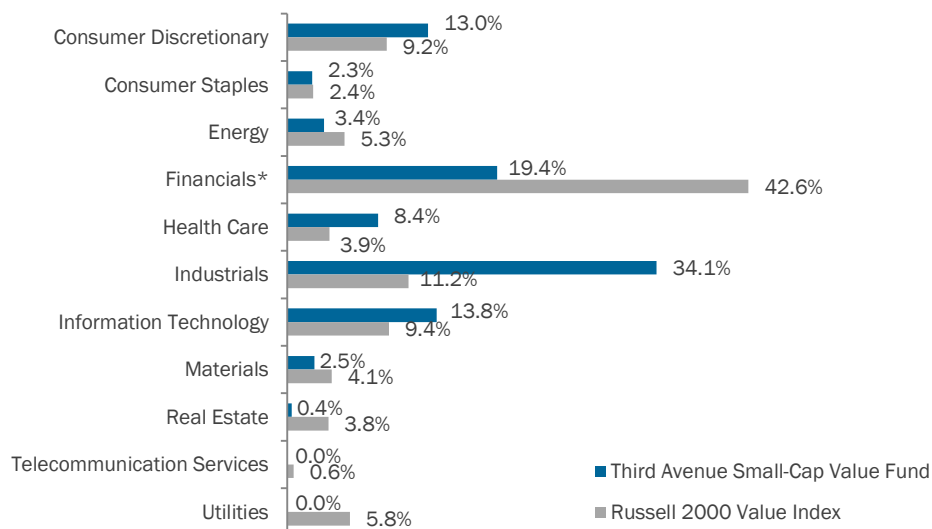
THIRD AVENUE
MANAGEMENT

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Sector Weightings^{1,2}



Portfolio Summary Characteristics

	TASCX	Index ⁵
Weighted Market Cap ^{1,3}	\$2.56 Billion	\$2.01 Billion
Median Market Cap ^{1,3}	\$1.88 Billion	\$717.5 Million
Price-to-Earnings Forward 1 year ^{1,3}	21.82x	28.49x
Return on Equity ^{1,3}	9.48%	4.83%
Price-to-Book ^{1,3}	2.03x	1.54x
Portfolio Turnover ⁴	20%	N/A

Market Cap Breakdown^{1,3}

	TASCX	Index ⁵
Micro (<\$500 Million)	1.1%	9.2%
Small (\$500 Million to \$2B)	48.2%	40.3%
Mid (\$2 Billion to \$7B)	45.8%	42.1%
Large (>\$7 Billion)	2.1%	0.4%

Asset Classes

Equity	97.2%
Debt	0.0%
Cash, Equivalents & Other ⁶	2.8%

1. Source: FactSet Portfolio Analytics
2. The Global Industry Classification Standard (GICS®) is used to derive the component economic sectors of the benchmark and the Fund. GICS® was developed by and is the exclusive property of MSCI and Standard & Poor's. Third Avenue Management LLC ("TAM") does not necessarily utilize GICS® sectors in its annual reporting. TAM does not adhere to any pre-determined sector, industry, or geographic allocations. *The GICS® Financials sector is a broad category that includes Holdings Companies, Insurance & Reinsurance, Asset Management, Financial Services, Depository Institutions, as well as other industries.
3. Based on equity holdings only.
4. For the year ended October 31, 2016.
5. The Russell 2000 Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. Index performance reported since inception of Institutional Share Class.
6. "Other" may consist of option investments

FUND RISKS:

Please be aware that small-cap investments are subject to higher volatility and lower financial resources than large-cap investments. The markets for these securities are also less liquid than those for larger companies. For a full disclosure of principal investment risks, please refer to the Fund's Prospectus.