

Third Avenue Small-Cap Value Fund

THIRD AVENUE
MANAGEMENT

An Uncommon Approach to Small-Cap Value Investing.

Institutional: TASCX | Investor: TVSVX | December 31, 2017

Portfolio Team

Victor Cunningham, CFA
Portfolio Manager

22 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.) [†]	1.21%
Gross Expense Ratio (Investor) [†]	1.45%

4Q17 Highlights

- Key contributors to the year's performance included Visteon, a leading automotive global supplier whose new product introductions and record backlog should support future growth. Despite solid operational performance, our bank positions were lackluster performers which weighed on quarterly returns.
- During quarter, ten positions were eliminated and four were added of which two are in the financial space; Aspen Insurance Holdings was unduly punished following recent hurricane catastrophes which provided an attractive entry point for purchase; Carter Bank and Trust, an underfollowed commercial bank in VA and NC, gives the Fund exposure to two of the fastest growing market in the US. Within real estate and oil service, both Five Point Holdings and Tidewater were added; access to broader Third Avenue investment research platform helped us identify these names which are owned in the firm's Real Estate Value and Value equity funds respectively.
- Fund management will continue to seek companies that have a proven ability to deploy capital effectively throughout all market cycles, but are currently out-of-favor. We believe businesses such as these should see growth in their net asset value in varied market environments which should benefit shareholders over time.

Top Ten Holdings

Allocations are subject to change without notice

MYR Group, Inc.	3.1%
Legg Mason, Inc.	2.8%
Cubic Corp.	2.7%
ICF International, Inc.	2.7%
Tri Pointe Group, Inc.	2.6%
Tidewater, Inc.	2.6%
Prosperity Bancshares, Inc.	2.6%
BMC Stock Holdings, Inc.	2.4%
FTI Consulting, Inc.	2.4%
Emcor Group, Inc.	2.4%
Total	26.3%

Active Management, High Active Share*

96.00%

Active Share* vs. Russell 2000 Value Index^{1,4}

50

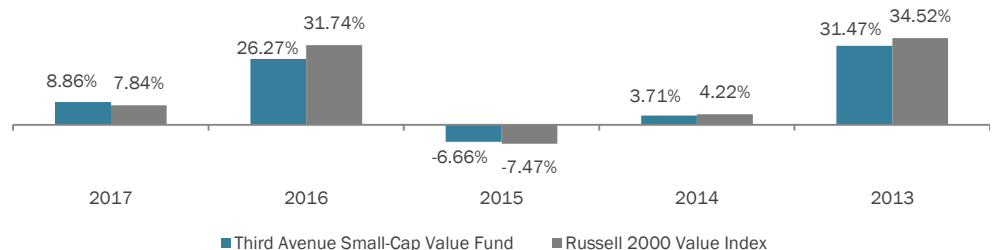
Total Equity Holdings

Total Assets

\$284.2 million

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

Performance Snapshot



Investment Performance

	Annualized					
	3 mo.	1 yr	3 yr	5 yr	10 yr	Inception ²
Third Avenue Small-Cap Value Fund (Institutional Class) ²	1.51%	8.86%	8.66%	11.84%	6.35%	8.99%
Third Avenue Small-Cap Value Fund (Investor Class) ³	1.48%	8.61%	8.39%	11.56%	N/A	N/A
Russell 2000 Value Index ⁴	2.05%	7.84%	9.55%	13.01%	8.17%	9.77%

The gross expense ratio for the fund's institutional and investor share classes is 1.21% and 1.45%, respectively, as of March 1, 2017.

- Source: FactSet Portfolio Analytics
- Institutional Share Class Inception Date: April 1, 1997.
- Investor Share Class Inception Date: December 31, 2009.
- 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.

[†] As of March 1, 2017. The Adviser has contractually agreed, for a period of one year from the date of the Prospectus, dated March 1, 2017, to defer receipt of advisory fees and/or reimburse Fund expenses in order to limit Net Annual Fund Operating Expenses (exclusive of taxes, interest, brokerage commissions, acquired fund fees and expenses, and extraordinary items) to 1.15% and 1.40% of the average daily net assets of the Institutional Class and Investor Class, respectively, subject to later reimbursement by the respective classes in certain circumstances (the "Expense Limitation Agreement"). In general, for a period of up to 36 months from the time of any deferral, reimbursement, or payment pursuant to the above-described contractual expense limitations, the Adviser may recover from each class of the Fund fees deferred and expenses paid to the extent that such repayment would not cause the Net Annual Fund Operating Expenses of each class to exceed the contractual expense limitation amounts set forth above, but any repayment will not include interest. The Expense Limitation Agreement can only be terminated prior to expiration by the independent Trustees of the Fund.

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.

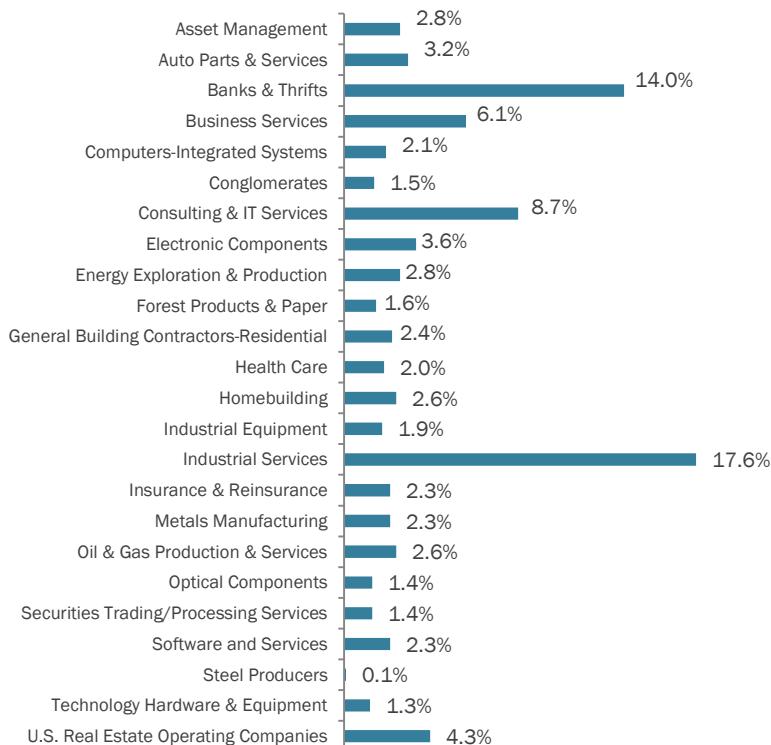
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Fund Highlights

- Focused on adding companies to the portfolio that are well-capitalized and either long-term balance sheet compounders or deeply out of favor securities for short-term, fixable reasons
- Third Avenue investment style leads to contrarian, special situation or otherwise “off the beaten path” investments; high active share will be a by-product of our differentiated approach to finding value.
- Investment universe is opportunistic, well-capitalized companies with market caps between \$300 million and \$3 billion dollars.

Sector Weightings¹



Portfolio Summary Characteristics

Weighted Market Cap ^{2,3}	\$2.40 Billion
Median Market Cap ^{2,3}	\$1.98 Billion
Price-to-Earnings Forward 1 year ^{2,3}	25.43x
Return on Equity ^{2,3}	7.43%
Price-to-Book ^{2,3}	1.77x
Portfolio Turnover ⁴	32%

Market Cap Breakdown^{2,3}

Micro (<\$500 Million)	2.1%
Small (\$500 Million to \$2B)	44.5%
Mid (\$2 Billion to \$7B)	44.3%
Large (>\$7 Billion)	0.0%

Asset Classes

Equity	90.9%
Debt	0.0%
Cash, Equivalents & Other ⁵	9.1%

1. Industry classifications determined by Third Avenue for equity holdings only.
2. Source: FactSet Portfolio Analytics
3. Based on equity holdings only.
4. For the year ended October 31, 2017.
5. “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.

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.

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