

Third Avenue Small-Cap Value Fund

THIRD AVENUE
MANAGEMENT

An Uncommon Approach to Small-Cap Value Investing.

Institutional: TASCX | Investor: TVSVX | Z: TASZX | December 31, 2018

Portfolio Team

Victor Cunningham, CFA
Portfolio Manager

22 years of investment experience
Fund Start Date: 9/19/2017

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
Minimum Investment (Z)	\$1,000,000
Gross Expense Ratio (Inst.) [‡]	1.20%
Gross Expense Ratio (Investor) [‡]	1.45%
Gross Expense Ratio (Z) [‡]	1.10%

[‡] As of March 1, 2018. The Adviser has contractually agreed, for a period of one year from the date of the Prospectus, dated March 1, 2018, 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%, 1.40% and 1.05% of the average daily net assets of the Institutional Class, Investor Class and Z 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.

4Q18 Highlights

- Attribution: Key detractors were concentrated in three sectors (Housing, Energy and Autos) as investors priced in severe recessionary conditions. Despite solid operational performance and strong financial positions, companies such as TRI Pointe and Five Point in housing, Tidewater and Seacor Marine in energy and Visteon in autos experienced sharp declines during the quarter. Conservative NAV estimates on companies mentioned were steady as stock price volatility hasn't changed our long-term fundamental view. As discounts to NAV widened, we added to the positions where possible. It was encouraging to learn Seacor Marine and Visteon experienced material insider buying at the end of the quarter.
- Activity: Fund management took advantage of market volatility by eliminating seven positions (WesBanco, SP Plus, CSG Systems, Commerce Bancshares, BMC Holdings, AMN Healthcare Services and Aspen Holdings) and recycling capital into positions with more favorable risk/return profiles. The number of positions declined to 33 at year-end. Customers Bancorp, a PA-based bank holding company was added to the portfolio. The company is undergoing a major transformation focused on slowing growth to boost the balance sheet and build-out its digital platform. The company has the financial strength to patiently implement its strategy. Book value should continue to compound during the transformation and provide the company multiple growth avenues when the plan is complete.
- Positioning: At year-end, the Fund maintained a 67% allocation to long-term compounders and a 30% allocation to time-arbitrage investments. The cash balance was 3%.

Top Ten Holdings

Allocations are subject to change without notice

	TASCX	Index ¹
Customers Bancorp, Inc.	4.7%	0.4%
UMB Financial Corp.	4.6%	0.3%
MYR Group, Inc.	4.5%	-
FTI Consulting, Inc.	4.5%	0.3%
ATN International, Inc.	4.1%	0.1%
Tidewater, Inc.	3.8%	0.1%
ICF International, Inc.	3.6%	0.1%
Prosperity Bancshares, Inc.	3.4%	-
TRI Pointe Group, Inc.	3.3%	0.2%
Southside Bancshares, Inc.	3.1%	0.1%
Total	39.6%	1.6%

Active Management, High Active Share

97.81%

Active Share vs. Russell 2000 Value Index^{1,2,3}

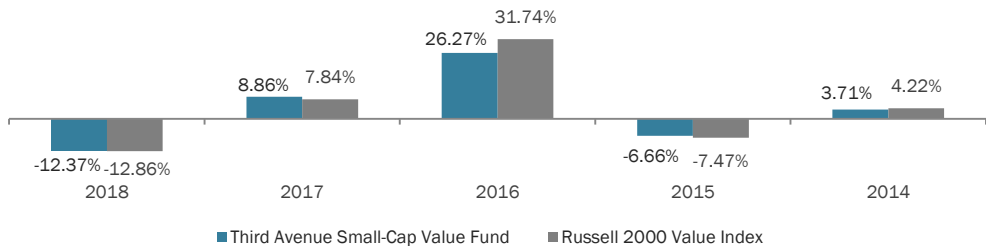
33

Total Equity Holdings

Total Assets

\$201.7 million

Performance Snapshot



Investment Performance

	Annualized					
	3 mo.	1 yr	3 yr	5 yr	10 yr	Inception ⁴
Third Avenue Small-Cap Value Fund (Institutional Class) ⁴	-17.27%	-12.37%	6.40%	3.12%	9.50%	7.91%
Third Avenue Small-Cap Value Fund (Investor Class) ⁵	-17.29%	-12.58%	6.14%	2.87%	N/A	N/A
Russell 2000 Value Index ¹	-18.67%	-12.86%	7.37%	3.61%	10.40%	8.61%

The gross expense ratio for the fund's institutional and investor share classes is 1.20% and 1.45%, respectively, as of March 1, 2018.

- 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 Share is the percentage of a fund's portfolio that differs from the benchmark index.
- Source: FactSet Portfolio Analytics
- Institutional Share Class Inception Date: April 1, 1997.
- Investor Share Class Inception Date: December 31, 2009.

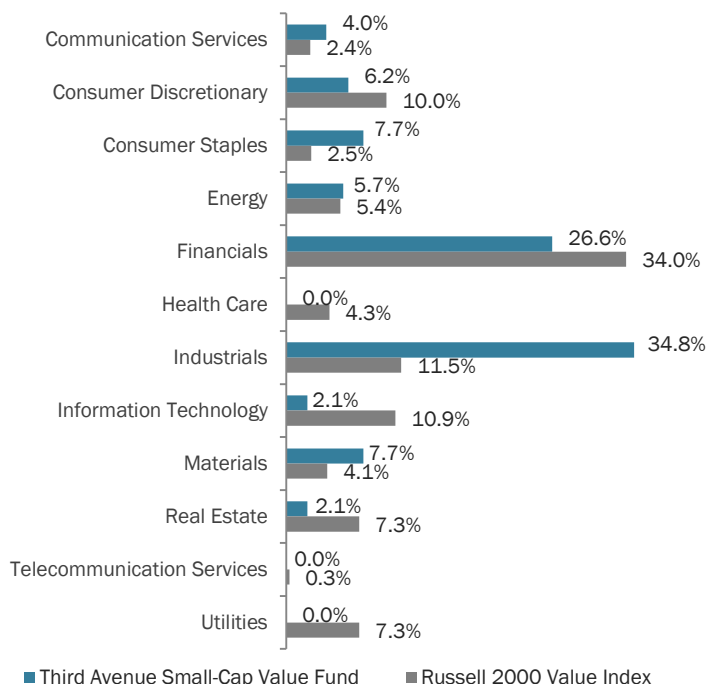
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Fund Highlights

- 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.

GICS Sector Weightings^{1,2}



Portfolio Summary Characteristics

	TASCX	Index ³
Weighted Market Cap ²	\$1.81 Billion	\$1.82 Billion
Median Market Cap ²	\$1.46 Billion	\$607 Million
Price-to-Earnings Forward 1 year ²	20.83x	16.01x
Return on Equity ²	10.05%	6.75%
Price-to-Book ²	1.32x	1.19x
Portfolio Turnover ⁴	44%	N/A

Market Cap Breakdown^{2,3}

	TASCX	Index ³
Micro (<\$500 Million)	18.9%	11.4%
Small (\$500 Million to \$2B)	43.2%	49.7%
Mid (\$2 Billion to \$7B)	34.8%	38.9%
Large (>\$7 Billion)	0.0%	0.0%

Asset Classes

Equity	96.9%
Debt	0.0%
Cash & Equivalents	3.1%

1. 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.
2. Source: FactSet Portfolio Analytics. Based on equity holdings only.
3. 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.
4. For the year ended October 31, 2018.

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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