



**THIRD AVENUE**  
MANAGEMENT

# REAL ESTATE VALUE FUND

AS OF MARCH 31, 2020

INSTITUTIONAL: TAREX | INVESTOR: TVRVX | Z: TARZX

## A Differentiated Approach to Global Real Estate Investing.

### PORTFOLIO MANAGERS

#### Jason Wolf, CFA

Joined Third Avenue in 2004  
24 years of investment experience

#### Ryan Dobratz, CFA

Joined Third Avenue in 2006  
16 years of investment experience

### OBJECTIVE

Founded in 1998, Third Avenue's global real estate strategy seeks long term capital appreciation by investing globally across an expansive universe that includes both real estate and real estate-related securities worldwide and across the capital structure.

### FUND FACTS

Inception Date	9/17/98
Min. Investment (Inst.)	\$100,000
Min. Investment (Investor)	\$2,500
Min. Investment (Z)	\$1,000,000
Gross Expense Ratio (Inst.) †	1.17%
Gross Expense Ratio (Investor) †	1.45%
Gross Expense Ratio (Z) †	1.05%

Performance is shown for the Third Avenue Real Estate Value Fund (Institutional Class). Past performance is no guarantee of future results; returns include reinvestment of all distributions. The chart 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](http://www.thirdave.com).

† Please see page 3 for important information.

### CLIENT SERVICES

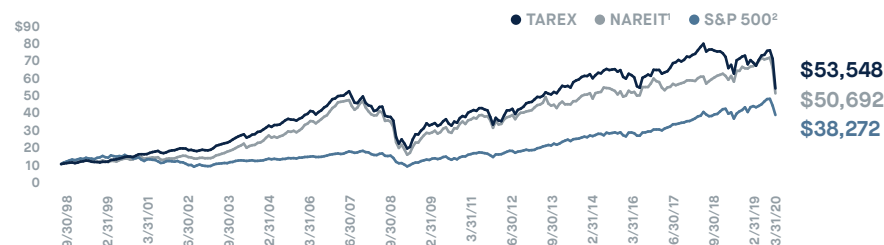
E: [clientservice@thirdave.com](mailto:clientservice@thirdave.com)  
P: 212.906.1160

### KEY DIFFERENTIATORS

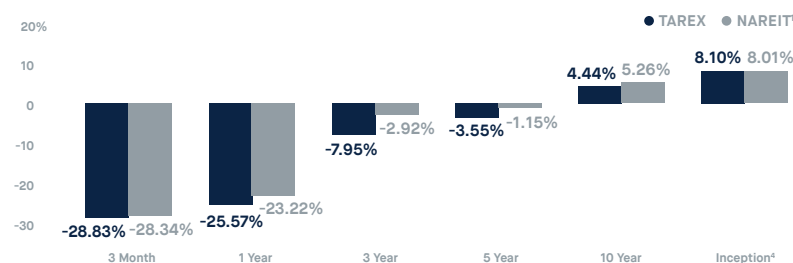
- Value Investors with a Long-Term Horizon**  
 We limit our investments to long-term value opportunities applying Third Avenue's investment philosophy for equity and debt investments as the foundation
- Focus on Total Return**  
 Our investment return objective is focused on total return with a primacy on capital appreciation over current income
- Expansive Real Estate Universe**  
 Our investment opportunities include REOCs, REITs, land developers, homebuilders, real estate brokerage, companies with substantial real estate holdings (e.g., retailers, timber companies), and real estate related debt securities when we can earn equity-like returns
- Active Portfolio Management**  
 We actively manage the portfolio by prudently concentrating on our highest conviction ideas, hedging where appropriate, and holding cash when there are fewer buying opportunities

### GROWTH OF \$10,000

Hypothetical Investment made in the Institutional Share Class and Benchmarks as of September 30, 1998 (Fund Inception Date September 17, 1998). This assumes reinvestment of Capital Gains and Income.



### PERFORMANCE



### TOP TEN HOLDINGS

Allocations are subject to change without notice

	TAREX	INDEX <sup>1</sup>
Wheelock & Co. Ltd.	7.4%	-
Brookfield Asset Management, Inc.	7.0%	-
Five Point Holdings, LLC, Class A	6.2%	-
JBG Smith Properties	5.8%	0.3%
Lennar Corp.	5.6%	-
CK Asset Holdings, Ltd.	5.4%	1.2%
Derwent London PLC	4.7%	0.3%
Berkeley Group Holdings PLC	4.4%	-
Prologis, Inc.	4.4%	4.9%
Rayonier, Inc.	4.2%	-
<b>Total</b>	<b>55.1%</b>	<b>6.7%</b>

### ACTIVE MANAGEMENT, HIGH ACTIVE SHARE\*

**88%**

Active Share\* vs. FTSE EPRA/NAREIT Dev. Index<sup>1,3</sup>

**28**

Total Equity Holdings

**\$701.6M**

Assets Under Management

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



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## 1Q20 HIGHLIGHTS

- The Fund initiated a position in the common stock of ProLogis (a US-based REIT that is the largest owner of modern logistic properties globally), Big Yellow (a UK-based REIT that is the leading owner of self-storage facilities in London), Essex Properties (a US-based REIT with nearly 250 of multi-family properties on the West Coast), and Lowe's (a US-based home improvement retailer that owns 80% of its store base). The Fund also exited certain positions for portfolio management considerations including the common stock of City Developments, Macerich, HongKong Land, and Colony Capital.
- The vast majority of the Fund's holdings declined during the period amidst the volatility stemming from the covid-19 pandemic. This included US-based companies involved with the residential markets (Weyerhaeuser and Lennar) as well as the ownership of select retail and office properties (Vornado Realty and Seritage Growth Properties) where the long-term prospects remain sound in the team's view. The key contributor to performance included the Fund's investment in the common stock of Wheelock & Co., a Hong Kong-based real estate operating company that received a privatization bid during the period.
- The portfolio management team strives to compound capital at low double-digit rates over time while also mitigating against the potential for permanent impairments of capital. As a result, the Fund's investments are focused in a diversified set of property companies that are very well-capitalized (the average net debt to asset ratio is below 20%) and involved with Commercial Real Estate (52% of invested capital), Residential Real Estate (31% of invested capital), and Real Estate Services (13% of invested capital). The Fund also has 4% of its capital in Cash & Equivalents, as well as select options and hedging instruments.

## ANNUAL FUND RETURNS SINCE INCEPTION<sup>4</sup>

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Third Avenue Real Estate Value Fund	21.13%	-19.91%	22.17%	5.82%	-3.65%	13.12%	16.42%	36.24%	-12.35%	17.76%	38.67%
FTSE/EPRA NAREIT Developed Index	23.06%	-4.74%	11.42%	4.99%	0.05%	15.89%	4.39%	28.65%	-5.82%	20.40%	38.26%

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998*
Third Avenue Real Estate Value Fund	-44.70%	-8.33%	30.14%	14.37%	28.16%	37.39%	4.22%	18.15%	31.02%	5.13%	7.47%
FTSE/EPRA NAREIT Developed Index	-47.72%	-6.96%	42.35%	15.35%	37.96%	40.69%	2.82%	-3.81%	13.84%	8.87%	15.48%

\*Inception for Fund is September 17, 1998; 1998 calendar year performance covers inception through December 31, 1998.

## PORTFOLIO SUMMARY CHARACTERISTICS

Weighted Market Cap <sup>5</sup>	\$13.72 Billion
Median Market Cap <sup>5</sup>	\$6.86 Billion
Price-to-Book <sup>5</sup>	0.94x
Portfolio Turnover <sup>6</sup>	22%

## EVOLUTION OF TOP SEGMENTS Allocations are subject to change without notice

### TOP 5 INDUSTRIES

	3/31/20	3/31/19
Non-U.S. Real Estate Operating Companies	29.5%	33.9%
U.S. Real Estate Investment Trust	22.6%	15.5%
Non-U.S. Real Estate Investment Trust	10.9%	9.1%
U.S. Real Estate Operating Companies	7.8%	N/A
Forest Products & Paper	7.3%	10.6%
Cash & Equivalents	2.4%	4.4%

### COUNTRY EXPOSURE<sup>5</sup>

	3/31/20	3/31/19
United States	52.6%	47.6%
United Kingdom	20.8%	18.0%
Hong Kong	17.3%	25.0%
Canada	8.0%	4.7%
Germany	1.3%	N/A

Past performance is no guarantee of future results. Mutual Fund returns include reinvestment of all distributions. Returns are annualized for periods longer than one year. The returns represent 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 [thirdave.com](http://thirdave.com).

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 [thirdave.com](http://thirdave.com), or call 800-443-1021. Distributor of Third Avenue Funds: Foreside Fund Services, LLC.



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**Fund Risks:** In addition to general market conditions, the value of the Fund will be affected by the strength of the real estate markets. Factors that could affect the value of the Fund's holdings include the following: overbuilding and increased competition, increases in property taxes and operating expenses, declines in the value of real estate, lack of availability of equity and debt financing to refinance maturing debt, vacancies due to economic conditions and tenant bankruptcies, losses due to costs resulting from environmental contamination and its related clean-up, changes in interest rates, changes in zoning laws, casualty or condemnation losses, variations in rental income, changes in neighborhood values, and functional obsolescence and appeal of properties to tenants. For a full disclosure of principal investment risks, please refer to the Fund's Prospectus.

‡ As of March 1, 2020. The Adviser has contractually agreed, for a period of one year from the date of the Prospectus, dated March 1, 2020, 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. 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. The Expense Limitation Agreement can only be terminated prior to expiration by the independent Trustees of the Fund.

1 The FTSE EPRA/NAREIT Developed Index was developed by the European Public Real Estate Association (EPRA), a common interest group aiming to promote, develop and represent the European public real estate sector, and the North American Association of Real Estate Investment Trusts (NAREIT), the representative voice of the US REIT industry. The index series is designed to reflect the stock performance of companies engaged in specific aspects of the North American, European and Asian Real Estate markets. The Index is capitalization-weighted. The index is not a security that can be purchased or sold, and its total returns are reflective of unmanaged portfolios. The returns include reinvestment of interest, capital gains and dividends.

2 The S&P 500 Index is a widely recognized benchmark of U.S. stock market performance that is dominated by the stocks of large U.S. companies. The S&P 500 Index is a registered trademark of McGraw-Hill Co., Inc. The S&P 500 Index is not a security that can be purchased or sold.

3 Source: FactSet Portfolio Analytics.

4 Institutional Share Class Inception Date: September 17, 1998.

5 Source: FactSet Portfolio Analytics; based on equity holdings only.

6 For the year ended October 31, 2019.