THIRD AVENUE FOCUSED CREDIT FUND

QUARTERLY UPDATE FOR THE PERIOD ENDED DECEMBER 31, 2009

PERFORMANCE

	One Month	Three Month	Since Inception+
Third Avenue Focused Credit Fund (Investor Class)	3.0%	4.9%	6.2%
Third Avenue Focused Credit Fund (Institutional Class)	3.0%	4.9%	6.3%
Barclays Capital U.S. Corporate High-Yield Index	3.3%	6.2%	12.3%
CSFB Leveraged Loan Index	2.7%	3.7%	7.1%

+ Inception Date: August 31, 2009
Past performance is no guarantee of future results; returns include reinvestment of all distributions.

INVESTMENT APPROACH

Third Avenue Focused Credit Fund is constructed from intensive, bottom-up research. We invest across the credit spectrum, including high-yield bonds, bank loans and distressed securities, and focus capital in our highest conviction ideas.

The Fund applies Third Avenue's value and downside risk assessment capabilities to the universe of credit securities, seeking total return from a combination of capital appreciation and interest income.

BOTTOM-UP ANALYSIS

Our analysis is distinguished by our evaluation of key business and industry fundamentals. We then use this assessment to build a risk profile of the security:

Company Business and Financials:
We prefer companies that have leading market share, barriers to entry, and pricing power. We thoroughly analyze all financial statements and look to identify off-balance sheet liabilities and hidden assets. We emphasize companies with free cash flow and adequate liquidity.

Industry Position:
We evaluate a company's position in its industry, often using our extensive business connections to seek advice from independent field experts. We analyze the concentration and capacity utilization of the industry to help assess pricing power. We routinely contact customers, competitors, suppliers and private equity professionals to obtain independent information on the company.

Capital and Corporate Structure:
We analyze the company's capital and corporate structure, as well as the debt covenants associated with a particular credit. We evaluate limitations on additional debt, use of free cash flow and other methods that equity owners utilize to potentially enrich themselves at the bond holder's expense.

Company Management:
Our selection process emphasizes good management teams that have a solid track record and have been friendly to debt holders.

Potential for Reorganization:
For companies that are stressed or distressed, there may be a high probability of reorganization, either in or out of court. In such cases, we invest in the fulcrum security, which is the senior most security that will participate in the reorganization.

DOWNSIDE RISK ASSESSMENT

After conducting thorough, bottom-up analysis, we evaluate the potential risk of default against the potential upside for each security. We take into account hard asset value and strategic value to help assess our downside risk. We look to buy at a discount that we believe will compensate us for the risks of the investment.

TOP 10 HOLDINGS*

Swift Transportation, Due 5/10/14	3.5%
Pinnacle Foods Finance LLC	3.0%
TXU Corp., Due 10/10/14	3.0%
Lyondell Chemical Company, Due 6/3/10	2.9%
FMG Finance Pty., Ltd., Due 9/1/16	2.8%
Digicel Group, Ltd., Due 1/15/15	2.7%
First Data Corp., Due 9/24/14	2.7%
Energy XXI Gulf Coast, Inc.	2.4%
Hertz Corp., Due 1/1/16	2.3%
Georgia Gulf Corp.	2.3%

*Holdings subject to change without notice.

FUND INFORMATION

Portfolio Manager	Jeffrey Gary
Inception Date	8/31/2009

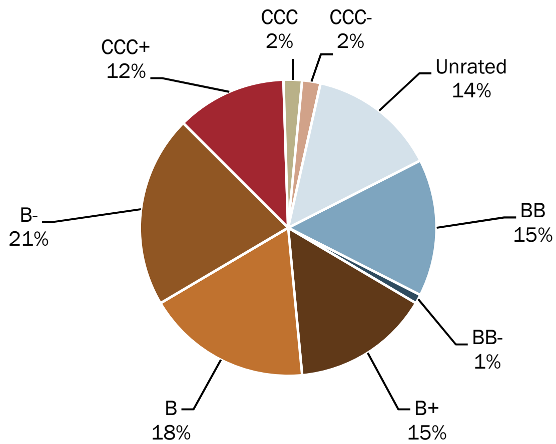
INVESTOR SHARE CLASS

Ticker	TFCVX
CUSIP	884116609
Minimum Investment	$2,500

INSTITUTIONAL SHARE CLASS

Ticker	TFCIX
CUSIP	884116708
Minimum Investment	$100,000

CREDIT QUALITY



ASSET CLASSES

Corporate Debt	61.0%
Bank Loans	20.5%
Convertible Securities & Other	0.3%
Cash & Equivalents	15.2%

TOP 5 INDUSTRIES

Energy	10.5%
Financials	9.6%
Telecommunications	8.0%
Chemicals	7.9%
Transportation	7.3%

REGIONAL BREAKDOWN

United States & Canada	74.3%
Other	10.5%
Cash & Equivalents	15.2%

BOND MATURITY

< 3 Years	22.2%
3 – 6 Years	35.8%
6 – 10 Years	25.8%
> 10 Years	0.7%
Cash, Equivalents & Other[3]	15.5%

PORTFOLIO CHARACTERISTICS

			Investor Class	Institutional Class
Average Coupon	7.93%	**Size of Class**	$136.58 Million	$297.07 Million
Average Credit Quality	B-	**NAV/Share**	$10.50	$10.50
Average Maturity	4.72 Years	**30-Day SEC Yield**	4.89%	5.16%
Portfolio Turnover[1]	12.00%	**Net Expense Ratio[2]**	1.40%	0.95%
Number of Issuers	59	**Management (Advisory) Fee**	0.75%	0.75%
		Distribution (12b-1) Fees	0.25%	None

1 As of October 31, 2009; not annualized.
2 The Adviser has contractually agreed, for a period of one year from the commencement of the Fund's operations, to limit Net Annual Operating Expenses to 1.40% and 0.95% of the average daily net assets of the Investor Class and Institutional Class, respectively.
3 Includes equity from convertible securities.

This material must be accompanied by a current Prospectus. Prospectuses contain more complete information on management fees, distribution charges, and other expenses. Please read the Prospectus carefully before investing or sending money. The above represents past performance and current performance may be lower or higher than performance quoted above. For month-end Fund performance or a copy of the Prospectus please visit our website: www.thirdave.com or call 800-443-1021. Past performance is no guarantee of future results. Investment return and principal value fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. M.J. Whitman LLC, Distributor. Member FINRA/SIPC.

The Barclays Capital U.S. Corporate High Yield Index comprises issues that have at least $150 million par value outstanding, a maximum credit rating of Ba1 or BB+ (including defaulted issues) and at least one year to maturity.

The CSFB Leveraged Loan Index is designed to mirror the investible universe of the $US-denominated leveraged loan market. As of March 30, 2001, the index included $148 billion in tradable term loans. Loans are added to the index upon issuance if they qualify according to the following criteria: (1) Loans must be rated "5B" or lower. That is, the highest Moody's/S&P ratings are Baa1/BB+ or Ba1/BBB+. If unrated, the initial spread level must be Libor plus 125 basis points or higher. (2) Only funded term loans are included. (3)The tenure must be at least one year. Fallen angels are added to the index subject to the new loan criteria. Rising stars are removed from the index when they are upgraded to investment grade. Loans are taken out of the index when they exit the market (for example, at maturity, refinancing or workout).

The Indices are not securities that can be purchased or sold, and their total returns are reflective of unmanaged portfolios. The returns include reinvestment of interest, capital gains and dividends.