



PDF Disclaimer

Please be advised that Command Financial Press can only certify the accuracy and correctness of the Document as presented in hard copy format. Due to imperfections in PDF technology, and the potential for issues that may arise due to differences in computer technology, Command Financial shall not be held responsible for any issues that arise due to problems with PDF files or other electronic formats. It is your responsibility if using PDF files or other electronic formats to verify their accuracy, as produced by your system by comparing it with the hard copy provided.

This PDF has been created using the Adobe® approved method for generating Print Optimized Output. To assure proper results, proofs must be printed, not viewed on the screen. The “Fit to Page” option must be unchecked prior to printing.

This PDF is compatible with Adobe® Acrobat Reader Version 4.0, but we recommend using Adobe Reader Version 5.0 which is downloadable free from Adobe’s Website, www.adobe.com, or also available on our Website, www.commandfinancial.com.



THIRD AVENUE VALUE FUND

THIRD AVENUE SMALL-CAP VALUE FUND

THIRD AVENUE REAL ESTATE VALUE FUND

THIRD AVENUE INTERNATIONAL VALUE FUND

LETTERS TO OUR SHAREHOLDERS

Semi-Annual Commentary

April 30, 2003

ON THE IMPORTANCE OF INFORMING SHAREHOLDERS...

“Managers should explain why their fund lost money and why they own the stocks that they own. If you dive into the details provided by the manager, you’ll probably feel a lot better about your prospects. It’s a good thing to be reminded that your manager has found some attractive investments that will likely produce attractive returns over the coming years...

Of course, that’s provided that your manager is a good one who writes thoughtful shareholder letters. If you’re a regular reader of Fund Spy, you’re probably aware that I’m a fan of the letters written by Bill Nygren at Oakmark, **Marty Whitman at Third Avenue Value**, Ralph Wanger at Liberty Acorn, and the management team at Tweedy, Browne Global Value.”

—Russel Kinnel, “Fund Managers Who Talk Straight”, *Morningstar.com*, April 14, 2003

“While Bogle has enlightened the greatest number of people over the years, the most idiosyncratic letters still come from the fund industry’s boutiques. Perhaps the most sophisticated writer is **Third Avenue Value’s Martin Whitman**. Every three months (rather than the six months, as required by law), owners of this fund receive a report that begins with a dense, 10- to 12-page letter from Whitman. Brevity may be the soul of wit, but when it comes to really understanding a fund, more is often better..

After finishing this letter, the reader has learned that in the art of investing, risks aren’t simply to be avoided, they are to be understood and managed. Whitman has taken the time and energy to treat shareholders like what they are: owners of this investment. He works for the shareholders, and in this capacity, he gives them the respect they deserve.”

—*Morningstar Mutual Funds*, April 26, 1996

THE INFORMATION IN THESE PORTFOLIO MANAGER LETTERS REPRESENTS THE OPINIONS OF THE INDIVIDUAL PORTFOLIO MANAGER AND IS NOT INTENDED TO BE A FORECAST OF FUTURE EVENTS, A GUARANTEE OF FUTURE RESULTS OR INVESTMENT ADVICE. VIEWS EXPRESSED ARE THOSE OF THE PORTFOLIO MANAGER AND MAY DIFFER FROM THOSE OF OTHER PORTFOLIO MANAGERS OR OF THE FIRM AS A WHOLE. ALSO, PLEASE NOTE THAT ANY DISCUSSION OF THE FUNDS’ HOLDINGS, THE FUNDS’ PERFORMANCE, AND THE PORTFOLIO MANAGERS’ VIEWS ARE AS OF APRIL 30, 2003, AND ARE SUBJECT TO CHANGE.



Dear Fellow Shareholders:

As fundamental, bottom-up investors, we strive to know as much as is reasonably possible about each of our investments. Likewise, we have always felt it our duty and privilege to keep our investors informed about activity in our portfolios, the securities of the companies in which we invest, and the companies themselves.

Third Avenue's shareholder reports far exceed—in frequency, scope and quality—the reporting requirements for registered management investment companies mandated by the Securities and Exchange Commission (“SEC”). Since the inception of our flagship fund, Third Avenue Value Fund, in 1990, we have sent comprehensive quarterly reports to all shareholders of record. Our quarterly shareholder reports contain not only the required listing of portfolio holdings, but also a meaningful discussion of activity in each of our funds, as well as events, trends and legislation that may affect the portfolio. Our Portfolio Managers are frank in their shareholder letters and often discuss why they think a security is a good investment opportunity, as well as the potential risks involved in an investment. They report not only about successful investments; they also detail any instances of faulty analysis or poor judgment.

The SEC recently implemented Form N-CSR, in light of the recent Sarbanes-Oxley Act regulations, which requires the principal executive and principal financial officers of registered management investment companies to certify the entire contents of semi-annual and annual shareholder reports, including subjective opinions that are voiced by individual fund managers. It seems impractical to require Chief Executive Officers and Chief Financial Officers to certify the opinions that portfolio managers express in their shareholder letters. We believe that shareholders are better informed if they can have the benefit of the subjective thinking of individual portfolio managers.

Therefore, we have decided to continue our tradition of providing our fellow shareholders with quarterly shareholder reports—including our Portfolio Managers' letters, which henceforth will be separate from the required, objective, reports. In this mailing, you will find, separate from Third Avenue Funds' Semi-Annual Report, a shareholder letter from the Portfolio Manager of each of our four mutual funds. The commentaries from our Portfolio Managers have not been certified by our CEO or CFO. We hope that you enjoy reading these reports and find them worthwhile. We look forward to writing to you again next quarter.

Sincerely yours,

 

Martin J. Whitman and Curtis R. Jensen
Co-Chief Investment Officers



MARTIN J. WHITMAN
CO-CHIEF INVESTMENT OFFICER
& PORTFOLIO MANAGER OF
THIRD AVENUE VALUE FUND

Dear Fellow Shareholders:

At April 30, 2003, the unaudited net asset value attributable to the 71,317,161 common shares outstanding of the Third Avenue Value Fund (“TAVF,” “Third Avenue,” or the “Fund”) was \$31.10 per share. This compares with an unaudited net asset value at January 31, 2003 of \$29.68 per share and an unaudited net asset value at April 31, 2002 of \$37.95 per share, adjusted for a subsequent distribution. At June 6, 2003, the unaudited net asset value was \$34.00 per share.

QUARTERLY ACTIVITY

The quarter was relatively quiet. As of April 30, the Fund was in the process of acquiring 2,250,000 shares of Kmart Common Stock and 103,279 Kmart Options in a private placement, and was also in the process of exchanging its holdings in Kmart Debentures and Kmart Trade Claims for approximately 1,731,000 shares of Kmart Common, all pursuant to the Chapter 11 Plan of Reorganization of Kmart Holding Corporation. TAVF also increased its position in two performing loans and eliminated its small position in Qwest Seniors, as well as in Aquila Seniors due in 2004. Two common stock positions were reduced.

**Principal Amount or
 Number of Shares**

3,981,000 shares

103,279 options

\$8,000,000

\$2,000,000

3,155,900 shares

843,100 shares

New Positions Acquired

Kmart Holding Corp. Common Stock
 (“Kmart Common”)

Kmart Holding Corp. Options
 (“Kmart Options”)

Increases in Existing Positions

Century Cable Bank Debt
 (“Century Bank Debt”)

Home Products International Senior
 Subordinates 9.625% of 5/15/08
 (“Home Products Subordinates”)

Positions Reduced

Aquila Inc. Common Stock
 (“Aquila Common”)

Electroglas, Inc. Common Stock
 (“Electroglas Common”)



Principal Amount	Positions Eliminated
\$20,940,000	Aquila Senior Debentures due 2004 ("Aquila Seniors")
\$178,454,745	Kmart Debentures and Trade Claims ("Kmart Debt")
\$3,300,000	Qwest Corp. Senior Notes ("Qwest Seniors")

Kmart appears to be a most interesting investment for the Fund because the upside potential can be so huge. The Kmart Plan of Reorganization is an all-equity plan, meaning that this discount chain will be well financed for some time to come. The new money that Third Avenue put into Kmart was based on a reorganization value (for 100% of the equity) of slightly under \$1 billion. Kmart, remaining with around 1,500 stores, ought to have a minimum annual sales volume of \$25 billion. Kmart has a large number of attractive real estate properties, mostly subject to long-term leases. Discount retailing keeps increasing its percentage of the retail dollar and it is hard to imagine that in this nation of 280,000,000 shoppers, there is room only for Wal-Mart, Target, Kohl's and Costco. In the final analysis, whether or not Kmart succeeds seems to depend on three factors: management, management, management. I like the people running Kmart. A TAVF representative is a member of the Kmart Board of Directors.

Century Bank Debt and Home Products Subordinates are performing loans with above average yields. Our anticipation is that they will continue to be performing loans.

The Fund reduced its position in Electrogas Common, in part to realize tax losses.

We have been exiting from our investments in Aquila Seniors and Aquila Common. The Aquila Seniors enjoyed a most rapid appreciation in market price and the Fund took its profits. Much of the large upside we envisioned for Aquila Common seems to have been dissipated because Aquila is refinancing its indebtedness on

onerous terms and the issuance of new common stock is diluting existing ownership. Further, it appears that prices for the sale of Aquila assets may be less buoyant than we had hoped. In addition, certain off-balance sheet liabilities—e.g., the Chubb Claim and the potential losses in Capacity Services—are unsettling for TAVF.

Telephone operating companies face severe competition. We closed out our small position in Qwest Seniors.

RECONCILING MODERN CAPITAL THEORY AND VALUE INVESTING

Huge amounts of the moneys invested in mutual funds have been placed in Index Funds. The *raison d'être* for Index Funds arise out of the underlying assumptions of Modern Capital Theory ("MCT"). For MCT, it is fruitless to hope to outperform benchmarks, e.g., the general market, because trading on the New York Stock Exchange and NASDAQ results in efficient, or correct, prices (the "Efficient Market Hypothesis" or "EMH"). Rather, investors should eschew any fundamental analysis but rather allocate assets to an appropriately diversified portfolio ("Efficient Portfolio Theory" or "EPT"). MCT is summarized by William F. Sharpe, a Nobel laureate and typical efficient-market believer, when he stated in the third edition of his book, *Investments*, that if you assume an efficient market, "every security's price equals its investment value at all times" (page 67).

Value Investing, on the other hand, bottoms on the assumption that through sound fundamental analysis based on knowledge of companies and the securities they issue, as well as price consciousness, a passive investor can usually outperform an index over most periods of one year or more. I remain convinced that over the long term, an investment in TAVF will combine both greater upside potential, and much less downside risk, than would an investment in an Index Fund such as the Vanguard 500 Index Fund. I believe that my conviction is supported by the long-term performance of TAVF. The remainder of this letter explains why I believe this is so by examining some of the underlying assumptions of MCT.



For MCT, the proof of the existence of an efficient market centers on the observation that no individual investor, or institution, has ever outperformed a market, or a benchmark, consistently. Consistently is, of course, a dirty word: It means “All The Time.” Academics seem to be absolutely right in their observation that no one outperforms any market consistently. However, it seems asinine to offer this as evidence that fundamental analysis is useless or nearly useless. Lots of investors, especially value investors, outperform markets or benchmarks on average, or usually, even if no one from Warren Buffet on down can outperform a market or a benchmark consistently. Further, many, if not most, MCT acolytes seem sloppy in their observations in that a good deal of the time they conveniently ignore the “consistently” condition in describing the uselessness of fundamental research.

EMH seems to be absolutely valid in a special case. The basic problem with MCT believers is that they assume wrongly that this special case is a general law. EMH describes the investment scene accurately only when two conditions exist in tandem:

- 1) The solitary goal of a passive, non-control investor is to maximize a risk-adjusted total return consistently.
- 2) The security, or commodity, being analyzed can be best analyzed by reference to a limited number of computer programmable variables. In the securities field, these instruments seem limited to three types of securities:
 - a) Credit instruments without credit risk, e.g., U.S. Treasuries.
 - b) Derivatives, e.g., options, futures, convertibles, swaps, warrants.
 - c) Risk arbitrage situations. Risk arbitrage situations exist where there are to be relatively determinate work-outs in relatively determinate periods of time. An example of a risk arbitrage situation is one where there is an announced proposal to acquire 100% of a common stock issue at \$30 per share when that common stock is selling

at, say, \$27.50 per share. Risk arbitrage situations don't exist most of the time for most common stocks. Common stocks represent ownership interests in corporations with perpetual lives.

EMH seems to be the most appropriate approach for participants in the securities markets who combine one or more of the following characteristics, none of which are applicable to Third Avenue Funds, and, hopefully, to the vast majority of Third Avenue Stockholders:

- 1) The security holder is playing with borrowed money and might be subject to margin calls if market prices decline. Such a person, or institution, has to be vitally interested in day-to-day market prices.
- 2) A securities trader with a technical, or chartist, approach. The underlying belief of such people is that the market knows more than I do and that to perform well one needs only study securities prices, not corporate fundamentals. TAVF would not invest in any security except in the belief that Fund management understands the situation better and more completely than the market; and that the Fund understands the business in which it invests as well as the securities issued by that business. In a very meaningful sense, academics that subscribe to the MCT approach are nothing more than technician-chartists with PhDs. In a leading text, *Principles of Corporate Finance* by Brealey and Myers, Seventh Edition (“Brealey and Myers”), it is stated on page 365 under the heading “The Six Lessons of Market Efficiency” that one ought to “Read the Entrails. If the market is efficient, prices impound all available information. Therefore, if we can only learn to read the entrails, security prices can tell us a lot about the future.”
- 3) The person's livelihood depends on being mostly right about near-term stock price movements. This group includes many analysts in broker-dealer research departments, many securities salespeople, and many financial advisers.
- 4) People with no training whatsoever in fundamental corporate analysis.



There are many underlying assumptions of MCT and Index Funds that are just plain wrong from a TAVF point of view. Among the most important are the following:

For MCT, there is a risk-reward ratio, i.e., the more (market) risk one takes, the more the possible rewards. This view traces to a belief in price equilibrium. At any moment of time, a security's price is the correct price for all valuation purposes. For TAVF, the risk-reward ratio trade-off is non-existent; the lower the price in a given situation, the less the risk and the greater potential for reward. For Third Avenue, there does exist a risk-reward ratio insofar as the quality of the company, and the terms of the securities issued by the company, are concerned (e.g., typically a first mortgage obligation of an issuer has a lesser risk element than that company's common stock issue, other things being equal). However, for TAVF, the existence of a risk-reward ratio implicit in the quality of the issuer, and the terms of issue, are more than counterbalanced by the fact that most of the time securities prices represent a material disequilibrium. There is a huge safety factor inherent in buying in at a bargain price.

MCT misdefines risk. For MCT, the word risk means only market risk, i.e., fluctuations in prices of securities. In fact, one can't really use the word "risk" without putting an adjective in front of it. There is market risk, investment risk (i.e., something going wrong with the company), credit risk, commodity risk, failure to match maturities risk, terrorism risk, etc. At TAVF, we try to avoid investment risk. We pay less attention to market risk.

Insofar as MCT theory is concerned, the only source of corporate value is Discounted Cash Flows from operations ("DCF") and the only source of value for stock-

holders is the present worth of future dividend flows. These MCT views are utterly naive. In focusing on DCF, the academics confuse project finance (where any project has to have a positive net present value as measured by cash flows in order to make sense) with corporate finance. This can be seen in Brealey & Myers' statement on page 119, "Only Cash Flow Is Relevant". In fact, the vast majority of prosperous corporations consume cash; they do not generate positive DCF. Rather, the prosperous corporations have earnings, not DCF. Earnings are defined as creating wealth while consuming cash.

For TAVF purposes, corporations can create value in four different ways:

"...one can't really use the word 'risk' without putting an adjective in front of it. There is market risk, investment risk (i.e., something going wrong with the company), credit risk, commodity risk, failure to match maturities risk, terrorism risk, etc. At TAVF, we try to avoid investment risk. We pay less attention to market risk."

1) Positive DCF, something that very few corporations enjoy.

2) Earnings, which are how most prosperous going concerns create wealth. For most companies consuming cash, earnings can have a value over the long term only insofar as earnings are combined with corporate access to capital markets, either for borrowing or for the sale of equity.

3) Resource conversion: asset redeployments, liability redeployments, and changes in control. These activities are the results of mergers and acquisitions, leveraged buy-outs, Chapter 11 reorganizations, spin-offs, contests for control and liquidations.

4) Access to capital markets—whether credit markets or equity markets—on a super attractive basis. I suspect more corporate fortunes have been created by fortuitous access to capital markets than from any other source. See the number of fortunes created out of the dot com bubble, or in real estate where there has been access to low interest rate, long-term, non-recourse mortgage financing.



The MCT view of common stock value is summarized on page 118 of the text *Corporate Finance* by Ross, Westerfield and Jaffe, Fourth Edition (“Ross, Westerfield”): Investors “only get two things out of a stock: dividends and the ultimate sales price, which is determined by what future investors expect to receive in dividends.”

For TAVE, in contrast, the value of a common stock is the estimated present worth of any future cash bailout whatever the source. The cash bailout can come from one of three sources:

- 1) Cash payments by the company for dividends or to repurchase outstanding common stock.
- 2) Sale to a market, with the market price determined by any number of factors: e.g., estimated future dividends; increases in corporate wealth for businesses which will never pay dividends; or speculative enthusiasm for a particular group of common stocks.
- 3) Control, or elements of control, of a company.

For MCT, diversification is a must; EPT governs. For TAVE, diversification is only a surrogate, and usually a damn poor surrogate, for knowledge, control and price consciousness. Because the Fund is a non-control investor, a certain amount of diversification is essential, but Third Avenue is far more concentrated in its investments than are Index Funds.

Much of MCT is based on utterly unrealistic views of the real world. For example, Ross, Westerfield state on page 17, “Shareholders determine the membership of the board of directors by voting.” The fact in the real world is that, in 99%-plus of the cases, membership of the board of directors is determined by those people who control the corporate proxy machinery—management and/or people friendly to management. Shareholder votes almost all the time are equivalent to what elections used to be like in the U.S.S.R., where incumbent Communists received from 99% to 100% of the vote.

Ross, Westerfield also state on page 17, “Fear of a takeover gives managers an incentive to take actions that will maximize stock prices.” The universal fact is that fears of takeovers have caused almost all managements to put in place “shark repellents” such as poison pills, staggered boards, blank check preferreds, fair price provisions, and friendly state laws, in order to insulate themselves in office. These entrenchment provisions tend to depress, not enhance, common stock prices.

While not wholly free from doubt, MCT seems to say that except for agency costs, managements do work in the best interests of stockholders. For TAVE, a much more productive approach is to understand that all participants, in all financial processes, including the relationships between managements and stockholders, combine communities of interest and conflicts of interest. For the vast majority of companies in the TAVE portfolio, the managements seem quite cognizant of the interests of Third Avenue and other outside stockholders. Nonetheless, the only situation of which I am aware where one might expect management to work exclusively in the interests of stockholders to the exclusion of other constituencies, is the one where the CEO and his family own all the outstanding common stock.

MCT and Index Funds are based on two premises—first, there is only one securities market, that where Outside Passive Minority Investors (“OPMIs”) trade, e.g., the New York Stock Exchange and NASDAQ; and second, the market is efficient, or to put it otherwise, securities prices almost always reflect an instantaneous efficiency. TAVE, on the other hand, believes there exist myriad markets, and that all markets tend toward efficiency, but that few actually achieve instantaneous efficiency except in the special cases previously cited. A market is an arena in which participants arrive at agreements as to price, and other terms, which each participant believes is good enough under the circumstances. Disparate markets include OPMI Markets, Leveraged Buy-Out Markets, Merger and Acquisition Markets, Managerial Compensation Markets, and Markets for Reaching



Agreements about Consensual Plans of Reorganization in Chapter 11. Sometimes price efficiency is attained slowly. I've noticed that it took the better part of 10 years for the pricing of first mortgage bonds of troubled regulated electric utilities to become priced efficiently. An efficient price in one market, say the OPMI Market, is, *per se*, an inefficient price in another market, say, the Leveraged Buy-Out Market.

MCT—and Index Funds—operate under the assumption that OPIMs cannot outperform a market, or index, because all relevant information gets impacted into common stock prices instantaneously. At Third Avenue, we

do not rely on receiving superior information but rather we strive to use the available information in a superior manner. For example, most practitioners, from MCT theorists to Graham and Dodd, believe that there is a primacy of the income account; the balance sheet is virtually ignored by these analysts, who instead concentrate on the past earnings record or forecasts of future flows, whether earnings flows or cash flows. In contrast, a majority of the common stocks held in the TAVF portfolio are issues of companies with ultra-strong balance sheets where the issue was acquired at prices that represent a substantial discount from readily ascertainable net asset values; e.g., Toyota Industries, Tejon Ranch, MBIA, Millea Holdings, Forest City Enterprises, Radian Group, St. Joe, and Brascan. These common stocks will have substantial appreciation potential if managements can keep growing net asset values, even if such growth comes from sources other than having operating income or cash flow, such as appreciating land values.

**“At Third Avenue,
we do not rely on receiving
superior information
but rather we strive to
use the available
information in a superior
manner.”**

The goal of MCT seems to be to find general laws which will explain market price fluctuations and securities price fluctuations. At TAVF, in contrast, we focus on individual differences. The tools and variables involved in analyzing securities vary case by case. Our standards for investing in the common stocks of high-tech companies are quite different than our standards for investing in the common stocks of real estate companies or banks; and the criteria we use in investing in distress credits are quite different than our common stock criteria because in the case of common stocks, we restrict investments to companies with strong financial positions while in the case of distress credits, corporate balance sheets are almost always very weak.

Obviously, for the aforementioned reasons, I think long-term investors will be better served by holding positions in any of the Third Avenue Funds rather than in Index Funds. Third Avenue Funds are where I, and my family, have our equity investments.

I will write you again at the time the report for the three-month period to end July 31, 2003 is published.

Sincerely yours,

Martin J. Whitman
Chairman of the Board



Third Avenue Small-Cap Value Fund



CURTIS R. JENSEN
CO-CHIEF INVESTMENT OFFICER &
PORTFOLIO MANAGER OF THIRD AVENUE
SMALL-CAP VALUE FUND

Dear Fellow Shareholders:

At April 30, 2003, the end of the fiscal second quarter, the unaudited net asset value attributable to the 28,506,334 common shares outstanding of the Third Avenue Small-Cap Value Fund ("Small-Cap Value" or the "Fund") was \$13.78 per share, compared with the Fund's unaudited net asset value of \$13.11 per share at January 31, 2003 and an unaudited net asset value at April 30, 2002 of \$16.14 per share, adjusted for a subsequent distribution. At June 6, 2003, the unaudited net asset value was \$15.11 per share.

QUARTERLY ACTIVITY

During the quarter, Small-Cap Value established two new positions, added to 14 of its 68 existing positions, eliminated one position and reduced its holdings in three companies. At April 30, 2003, Small-Cap Value held positions in 67 companies, the top 10 positions of which accounted for approximately 29% of the Fund's net assets.

Number of Shares

300,000 shares

362,700 shares

50,000 shares

13,900 shares

20,700 shares

8,300 shares

106,900 shares

7,600 shares

New Positions Acquired

Kmart Holding Corp.
 Common Stock
 ("Kmart Common")

Willbros Group, Inc. Common Stock
 ("Willbros Group Common")

Increases in Existing Positions

Agrium, Inc. Common Stock
 ("Agrium Common")

Arch Capital Group, Ltd.
 Common Stock
 ("Arch Common")

Bel Fuse Inc. - Class B Common Stock
 ("Bel Fuse Common")

Coherent, Inc. Common Stock
 ("Coherent Common")

CommScope, Inc. Common Stock
 ("CommScope Common")

Credence Systems, Corp.
 Common Stock
 ("Credence Common")



**Number of Shares
or Units**

Increases in Existing Positions

19,400 shares	The Dress Barn, Inc. Common Stock ("Dress Barn Common")
4,000 shares	E-L Financial Corp., Ltd. Common Stock ("ELF Common")
98,800 shares	Electro Scientific Industries, Inc. Common Stock ("Electro Scientific Common")
7,400 shares	Jones Lang Lasalle, Inc. Common Stock ("Jones Lang Common")
6,100 shares	KEMET Corp. Common Stock ("KEMET Common")
81,000 shares	Park Electrochemical Corp. Common Stock ("Park Common")
193,700 units	SFK Pulp Fund Units ("SFK Units")
56,100 shares	Trinity Industries, Inc. Common Stock ("Trinity Common")

Decreases in Existing Positions

306,370 shares	Comverse Technology, Inc. Common Stock ("Comverse Common")
58,800 shares	MBIA, Inc. Common Stock ("MBIA Common")
118,100 shares	Roxio, Inc. Common Stock ("Roxio Common")

Position Eliminated

13,500 shares	Capital Southwest Corp. Common Stock ("Capital Southwest Common")
---------------	---

The Fund initiated two new positions during the quarter, Kmart Common and Willbros Group Common. I'll speak to the more complicated one first. Kmart, the country's third largest discount retailer, should produce sales of approximately \$25 billion in the coming year. (By contrast Wal-Mart, the nation's largest discount retailer, reported sales of \$245 billion in its latest fiscal year.) Profitability for the remainder of 2003 will likely prove to be elusive as Kmart closes stores and restructures. If the key to success in real estate is "location, location, location," then it might be said that the key to success in retailing must be "management, management, management." In the case of Kmart, at least, that slogan could not ring truer.

The Fund's investment in Kmart Common relies heavily on the abilities of the new management team, led by newly appointed CEO Julian Day, to turn around a company that has been rehabilitating itself in bankruptcy court for the past 15 months. Why was Kmart in bankruptcy? It had been horribly mismanaged—for years—under prior management teams; it suffered from poor financing; and it struggled under the intensely competitive conditions that characterize the discount retail business. *The Wall Street Journal* published a front-page piece on May 6, 2003 relating Kmart's saga. For those interested, I would recommend reading it.

While the bankruptcy process largely helped to cure the first two ailments, the ferocity of Kmart's competition cannot be overstated. Swimming against such a crushing competitive tide will not be easy. However, in Kmart's favor, the company enjoys the renewed support of a vendor community that wants to see it thrive, and shareholders have a talented and motivated shareholder-partner in ESL Investments, the company's largest shareholder. The Fund's investment equates to a valuation for the company's equity of about \$1 billion, and looking at the worst-case scenario, the company's likely liquidation value (i.e., sale of owned real estate, liquidation of store inventories, etc.) should largely protect shareholders with a cost basis around current market quotes. While much work has been accomplished at Kmart, there is much more to do.



Willbros Group, which traces its corporate roots back to 1908, provides a range of construction, engineering and specialized services to the oil, gas and power industries. With assets and projects spanning the globe, Willbros has participated in some of the most notable energy infrastructure projects ever completed.

Though the company reported record operating results in 2002, its backlog of projects has declined precipitously, likely reflecting a number of issues: 1) the near completion of a couple of large projects; 2) instability and turmoil in key markets like Venezuela, Nigeria and the Middle East—regions in which the company has operated for several decades—that have created uncertainty within the customer base; 3) the virtual closure of credit markets in the past year to utilities and independent power producer customers; and 4) the deferral of spending by the owners of many natural gas pipeline assets, owners who, in many cases, are new to and are non-traditional owners of such assets.

These issues, along with the inherently lumpy and sometimes unpredictable nature of the construction business, an unpredictability that can get magnified by the quirks of GAAP accounting, led to a temporary sell-off in the company's shares. Pressure on the shares enabled the Fund to establish its position in this debt-free company well below GAAP book value, at less than 6x 2002's reported earnings, and at a similarly modest multiple of cash flow. While 2003 earnings prospects have dimmed in concert with the above-mentioned, near-term issues, the longer-term outlook seems considerably brighter in the context of aging U.S. energy pipelines that will require rehabilitation, and growing energy demand in developing countries that should bolster the need for more energy-related infrastructure.

The Fund eliminated its small position in the relatively illiquid shares of Capital Southwest. While I have the

greatest admiration for the talents and record of CEO Bill Thomas, it is not clear to me who might succeed him should he not be able to continue in that role. (As far as I can tell, Bill has zero plans to retire!) The sale also is consistent with my desire to keep the number of issues in the portfolio to a manageable level. Along those lines, my preference would be to prune the number of issues in the portfolio in coming periods as investment and portfolio considerations merit and as market conditions allow. Sales of Comverse Common and Roxio Common were made in order to manage down the portfolio's exposure to a more prudent level as those issues appreciated significantly during the period. MBIA continues to prosper in its core business of guaranteeing municipal obligations, though I

confess to being less comfortable with its rapidly growing business initiatives within the corporate credit realm.

At about 9%, the Fund's cash and cash equivalents sit at their lowest level in years. This observation is not meant to convey any signals about my view of the general market—for I have none. It should indicate something, however, about the investment merits of

the portfolio's existing holdings. Searching for new opportunities with the Fund's relatively limited existing cash resources, I will pay extra heed to the words of a CEO who recently commented: "Marry in haste, repent in leisure."

Thank you for your continued support. I look forward to writing you when we publish our third quarter report dated July 31, 2003.

Sincerely,

Curtis R. Jensen
Portfolio Manager,
Third Avenue Small-Cap Value Fund

**"If the key to success
in real estate is
'location, location, location,'
then it might be said that
the key to success
in retailing must be
'management, management,
management.'"**



Third Avenue Real Estate Value Fund



MICHAEL H. WINER
PORTFOLIO MANAGER OF THIRD AVENUE
REAL ESTATE VALUE FUND

Dear Fellow Shareholders:

At April 30, 2003, the end of the second fiscal quarter of 2003, the unaudited net asset value attributable to the 23,245,720 shares outstanding of the Third Avenue Real Estate Value Fund (the "Fund") was \$16.78 per share. This compares with an unaudited net asset value of \$15.72 per share at January 31, 2003, and an unaudited net asset value of \$16.69 per share at April 30, 2002, adjusted for a subsequent distribution to shareholders. At June 6, 2003, the unaudited net asset value was \$18.24 per share.

QUARTERLY ACTIVITY

During the second quarter of fiscal 2003, the Fund's outstanding shares increased to 23.2 million shares from 21.9 million shares—an increase of 5.9%; net assets increased from \$344.4 million to \$390 million—an increase of 13.2%; and net asset value per share increased to \$16.78 from \$15.72—an increase of 6.7%. Cash and short-term investments at quarter-end totaled 10.8% of net assets, compared to 7.6% at the end of the last fiscal quarter. At April 30, 2003, the Fund's top ten positions accounted for approximately 56% of the Fund's net assets. The following summarizes the Fund's investment activity during the quarter.

Principal Amount or Number of Shares

171,900 shares

500,000 shares

816,552 shares

25,000 shares

22,800 shares

152,600 shares

58,300 shares

87,500 shares

New Positions Acquired

Cavalier Homes, Inc. Common Stock
("Cavalier Common")

Kmart Holding Corp. Common Stock
("Kmart Common")

Increases in Existing Positions

British Land Company, plc
Common Stock
("British Land Common")

Clayton Homes, Inc. Common Stock
("Clayton Common")

Coachmen Industries, Inc.
Common Stock
("Coachmen Common")

Jones Lang LaSalle, Inc..
Common Stock
("Jones Lang Common")

LNR Property Corp. Common Stock
("LNR Common")

Modtech Holdings, Inc. Common Stock
("Modtech Common")



**Principal Amount or
Number of Shares**

53,200 shares

Increases in Existing Positions

PS Business Parks, Inc. Common Stock
("PSB Common")

40,000 shares

The St. Joe Company Common Stock
("St. Joe Common")

39,700 shares

Vornado Realty Trust Common Stock
("Vornado Common")

Principal Payments on Debt Positions

\$1,545,154

Federal National Mortgage Association
REMIC Trust 2002-31
Class SB Inverse Floater
("Fannie Mae Inverse Floaters")

\$1,250,000

Frank's Nursery & Crafts, Inc. 10.15%
First Mortgage Revolving Credit
Loan due 5/21/05
("Frank's Revolver")

\$777,960

Government National Mortgage
Association REMIC Trust 2002-21
Class SA Inverse Floater
("Ginnie Mae Inverse Floaters")

Reductions in Existing Positions

80,867 shares

Capital Trust, Inc. Class A
Common Stock
("Capital Trust Common")

88,700 shares

Kimco Realty Corp. Common Stock
("Kimco Common")

Position Eliminated

\$4,060,000

EOP Operating LP 6.5%, due 1/15/04
("EOP Senior Notes")

DISCUSSION OF QUARTERLY ACTIVITY

Cavalier Homes produces low-to-mid-end manufactured homes with plants in North Carolina, Georgia, Alabama, Mississippi and Texas. The company has a small retail operation, but primarily sells its homes to independent retailers. Cavalier's business has been negatively affected by the severe downturn in the manufactured home industry (see discussion of Clayton Homes and Champion Enterprises in the Fund's Annual Report for

the fiscal year ended October 31, 2002). Cavalier has a very strong financial position (cash exceeds total debt) and has done a good job of reducing operating expenses during the down cycle. The company's management team seems very competent and conservative, and along with the company's directors, has a substantial stake in the common stock. The Fund has been acquiring Cavalier Common at about 50% of tangible book value and less than one times peak earnings.

During the quarter, Clayton Homes announced that it had entered into an agreement to be acquired by Berkshire Hathaway for cash consideration equal to \$12.50 per share. The Fund owns 275,500 shares of Clayton Common at an average cost of \$10.23 per share. While it is disappointing that Clayton is being acquired at a price that seems significantly below intrinsic value, it is encouraging that Berkshire Hathaway recognizes the viability of the industry and its integral role in providing a substantial percentage of new homes sold in the United States.

The Fund purchased 500,000 shares of Kmart Common at \$10 per share pursuant to the Investment Agreement between Kmart and an investment group comprised of the Fund, the Third Avenue Value Fund, the Third Avenue Small-Cap Value Fund and ESL Investments, Inc. The investment group purchased a total of 14 million shares for an investment of \$140 million as the sponsors of Kmart's Chapter 11 plan of reorganization. Additionally, the Fund received a commitment fee of \$200,000 and a two-year option to purchase an additional 22,946 shares of Kmart Common at \$13 per share.

Kmart filed Chapter 11 Bankruptcy in January 2002 due to a liquidity crisis resulting from various factors including intense competition in the discount retailing industry, a series of unsuccessful sales and marketing initiatives, and the continued recession. At the time Kmart filed Chapter 11, it operated approximately 2,100 stores covering nearly every metropolitan statistical area



of the United States. Kmart's goal in Chapter 11 was to rationalize its store base, implement a number of key operating initiatives (including improvement of store operations and inventory management), and restructure its balance sheet through the conversion of substantially all of its debt into equity. Kmart emerged from Chapter 11 on May 6, 2003 with a base of approximately 1,500 stores (of which 8% are owned and 92% are leased). As a result of store closures, lease rejections and lease renegotiations, Kmart's average annual rent per square foot was reduced from \$4.40 to \$3.99. Kmart's store leases typically run for an initial term of 25 years with options to extend for up to an additional 50 years. During the Chapter 11 process, Kmart undertook a thorough and detailed initiative to develop a five-year business plan based on a store-by-store analysis. The company is projecting it will return to profitability in 2004 on sales of \$25 billion and EBITDA (earnings before interest, taxes, amortization and depreciation) of \$424 million. While the company's projections are based on what appear to be conservative assumptions, Kmart must execute its plan in a very competitive environment. Furthermore, upon emergence from Chapter 11, Kmart has not yet fully implemented new operating procedures nor has it completed the assembly of its new senior management team. The bottom-line: Fund management believes that with essentially an all-equity capital structure (i.e., no long-term debt), Kmart has a reasonable chance of successfully implementing its reorganization and business plan that would result in the company establishing its own profitable niche in the discount retailing industry. The downside: Fund management's conservative investment philosophy dictates that we consider our downside risk before postulating what the upside may ultimately be. In order for the Fund's investment in Kmart to be successful, Kmart's business plan must be at least reasonably successful so that the enterprise can be valued based on

customary "going-concern" multiples (e.g., earnings per share or EBITDA). In the event Kmart's business plan fails, its resources (primarily its prime real estate), in an orderly liquidation, should provide a downside cushion to the equity owners. Kmart controls (either in fee ownership or pursuant to long-term leases) what appears to be some of the best retail real estate in the United States.

The Fund added to several of its existing holdings during the quarter as opportunities arose. The Fund reduced its positions in Capital Trust Common and Kimco Common primarily due to appreciation. Additionally, the Fund received principal repayments on the Frank's Revolver and Inverse Floaters.

YOU CAN'T EVEN GIVE THIS STUFF AWAY TODAY

What would have been viewed as an excellent investment opportunity three or four years ago might be a pariah today. Consider the following hypothetical example of an office building that may have been listed for sale in 1999:

The Property:	200,000 square foot suburban office building in Parsippany, NJ constructed in 1985
Leasing:	90% leased to 25 tenants (primarily financial and other service oriented firms) at average annual rents of \$18 per square foot.
Expirations:	Year 1 - 25% Year 2 - 20% Year 3 - 15% Thereafter - 40%
Current net operating income:	\$3,240,000
Asking price:	\$36.0 million (9% cap rate, or \$180 per square foot)
Current market rent:	\$24 per square foot (annual) with \$15 per square foot improvement allowance.



A property listing such as this would have attracted a decent number of potential buyers. Most likely, prospective buyers would view the property as an opportunity to substantially increase value over the next few years. During 1999, businesses were generally in expansion mode and there was strong demand for office space—it was a “landlord’s market”. With 60% of the leases expiring over the next three years, and existing rents \$6 below current market rents, the opportunity for upside would have appeared quite obvious. The buyer could increase net operating income by \$720,000 (120,000 square feet times \$6), assuming stable occupancy of 90%. Improvements and leasing commissions would cost about \$2.4 million (\$20 per square foot). The additional \$720,000 of net operating income would create incremental value of \$8 million (at a 9% cap rate), resulting in a net gain of \$5.6 million over three years. Assuming the buyer utilizes 70% non-recourse mortgage financing, the combination of three years of cash flow and increased value created by leasing activity should net an annualized return on equity in excess of 20%—a very attractive return on real estate.

Fast forward to 2003 and consider what a hypothetical listing for the same property might look like now:

The Property:	200,000 square foot suburban office building in Parsippany, NJ constructed in 1985
Leasing:	80% leased to 25 tenants (primarily financial and other service oriented firms) at average annual rents of \$24 per square foot.
Expirations:	Year 1 - 15% Year 2 - 15% Year 3 - 20% Thereafter - 50%

Current net operating income:	\$3,840,000
Asking price:	\$42.7 million (9% cap rate, or \$213 per square foot)
Current market rent:	\$20 per square foot (annual) with \$20 per square foot improvement allowance.

A property listing such as this would be viewed as a potential problem. Currently, businesses are generally not in expansion mode. There is little demand for suburban office space—it is now a “tenant’s market”. With 20% current vacancy, 50% of leases expiring over the next three years, and existing rents \$4 above current market rents, the potential problem is quite obvious. The uncertain economy gives a potential buyer no comfort that the property could attract new tenants or retain existing tenants. There appears to be much greater downside than upside in this property, at least for the foreseeable future. If economic conditions don’t improve, it is possible that the current net operating income of \$3,840,000 will dramatically decline over the next three years. Very few buyers are willing to speculate on the economy unless they can buy at a significant enough discount to warrant taking the risk. In this example, the \$42.7 million asking price seems far in excess of fair value, considering the uncertainty of future cash flows. A buyer might be willing to buy the property for \$30 million, but at that price, unless the owner is under duress, there will be no sale. There is no precise way to determine the fair value of this property in today’s market. Comparable sales are difficult to find because there is effectively no market.

Do current market conditions spell doom for owners of these type of properties? That depends on several factors. As illustrated in the latter example above, unless the owner is under duress (e.g., in need of liquidity to pay off



maturing debt), there is no need to sell the property. Current market conditions certainly make property ownership more challenging, but there is no need to panic—unless, of course, one has a very near-term investment horizon. Real estate is not immune from global, regional or local economic factors—yes, real estate is a cyclical business. As I have stated repeatedly, a strong financial position is critical to success in real estate. It enables property owners to withstand inevitable economic downturns, work through difficult leasing markets from a position of strength, and position their properties to take advantage of the inevitable market recovery. On the other hand, for those property owners using maximum leverage and having few resources—maybe now is a good time for them to panic (or at least worry a lot). When the poorly-financed owner is forced to sell under duress, I expect it will be the well-financed real estate investor that will be buying at fire-sale prices.

FLIGHT TO QUALITY

Just as there is no market for properties viewed as having substantial leasing challenges, there is a tremendous demand for properties that are fully leased to long-term, credit-worthy tenants. Investors hungry for yield have bid up properties that have elements of stable and predictable cash flows. With interest rates at historic lows, yields on high-quality cash flows from real estate are also near historic lows (translation: values are near historic highs).

“When the poorly-financed owner is forced to sell under duress, I expect it will be the well-financed real estate investor that will be buying at fire-sale prices.”

The companies in whose securities the Fund invests primarily own properties that I regard as having high-quality cash flows, such as Forest City, Brookfield, Catellus, British Land, Prologis, and Vornado. There are of course exceptions—those companies that own properties more prone to near-term economic conditions: Koger, PS Business Parks and Public Storage. The challenges faced by these companies are formidable, but by no means insurmountable. In fact, they seem to be performing very well. The keys are talented and dedicated management, and of course, their extremely strong balance sheets. Financially strong companies currently have access to very cheap, long-term, fixed rate, non-recourse mortgage financing. The ability to refinance on such attractive terms today has, to some extent, mitigated the effects of

weak real estate fundamentals. There is no sign of panic, nor should there be. Real estate cycles are nothing new to these management teams. They focus on long-term results and creation of shareholder value. I wouldn't have it any other way.

I look forward to writing to you again when we publish our quarterly report for the period ending July 31, 2003.

Sincerely,

Michael H. Winer
Portfolio Manager,
Third Avenue Real Estate Value Fund



Third Avenue International Value Fund



AMIT B. WADHWANEY
PORTFOLIO MANAGER OF THIRD AVENUE
INTERNATIONAL VALUE FUND

Dear Fellow Shareholders:

At April 30, 2003, the unaudited net asset value attributable to the 3,751,021 shares outstanding of the Third Avenue International Value Fund (the "Fund") was \$9.94 per share, compared with the Fund's unaudited net asset value at January 31, 2003 of \$9.90 per share, and an unaudited net asset value of \$10.15 per share at April 31, 2002, adjusted for a subsequent distribution. At June 6, 2003, the unaudited net asset value was \$10.88 per share.

QUARTERLY ACTIVITY

In the most recent quarter of operations, the Fund established new positions in the common stocks of three companies, added to positions in the common stocks (or units) of 16 companies, eliminated its holdings in two companies and reduced its holding in one company.

Number of Shares

111,300 shares

64,000 shares

5,000 shares

New Positions Acquired

Banco Latinoamericano de Exportaciones S.A. Common Stock ("Bladex Common")

Dundee Precious Metals Inc. Class A ("Dundee Common")

Imerys S.A. Common Stock ("Imerys Common")

Number of Shares

6,200 shares

10,000 shares

20,200 shares

3,500 shares

16,000 shares

25,000 shares

834,000 shares

143,000 shares

45,000 shares

Increases in Existing Positions

Asatsu-DK, Inc. Common Stock ("Asatsu Common")

Boardroom, Ltd. Common Stock ("Boardroom Common")

Canfor Corporation Common Stock ("Canfor Common")

Fomento de Construcciones y Contratas S.A. Common Stock ("Fomento Common")

Ganger Rolf ASA Common Stock ("Ganger Common")

GEAC Computer Corporation, Ltd. Common Stock ("GEAC Common")

Hotung Investment Holdings, Ltd. Common Stock ("Hotung Common")

Ichiyoshi Securities Co., Ltd. Common Stock ("Ichiyoshi Common")

Investor AB Class A Common Stock ("Investor Common")

**Number of Shares
or Units****Increases in Existing Positions**

35 shares	Millea Holdings, Inc. Common Stock ("Millea Common")
20 shares	Pargesa Holding AG Common Stock ("Pargesa Common")
22,700 units	SFK Pulp Fund Units ("SFK Units")
50,000 shares	Singer & Friedlander Group, plc Common Stock ("S & F Common")
134,100 shares	Smedvig ASA-A Common Stock ("Smedvig Common")
92,000 shares	Sompo Japan Insurance, Inc. Common Stock ("Sompo Common")
94,458 shares	Telecom Corp. of New Zealand Ltd. Common Stock ("Telecom Common")
	Position Reduced
662,857 shares	Tranz Rail Holdings, Ltd. Common Stock ("Tranz Rail Common")
	Positions Eliminated
34,150 shares	Bergesen DY ASA Common Stock ("Bergesen Common")
8,600 shares	Bonheur ASA Common Stock ("Bonheur Common")

REVIEW OF QUARTERLY ACTIVITY**Purchases**

Banco Latinoamericano de Exportaciones S.A. ("Bladex") is a provider of primarily short-term, trade-related finance between banks in Latin American countries. Historically, it ran an overcapitalized operation and had experienced a very low level of non-performing loans for most of its operating history, until it was blindsided by the crisis in Argentina, where a considerable portion

of its loans had to be provided against or written off. In response, Bladex sharply contracted its lending book and has announced a sizable rights issue which is being supported by a number of its shareholder central banks in that region. Following these actions, absent the occurrence of any sudden financial or banking crisis in its markets, Bladex should be a reasonably well-capitalized company, whose operations should improve as economic activity and trade in Latin America, in Argentina and Brazil, in particular, recover from the recent downturn. Our purchase of these shares was effected at a significant discount to the pro-forma book value, adjusted for the forthcoming rights issue.

The principal assets of Dundee Precious Metals, Inc. ("Dundee") are shares of a number of companies involved in the production of precious metals. Eschewing the traditional strategy of owning large-capitalization, widely-held and arguably more expensive gold company stocks, Dundee holds a number of smaller and mid-capitalization companies, some of which have been acquired through mergers with earlier holdings. A number of these holdings appear to be attractively valued, and could be potential acquisition targets for companies seeking to replenish their depleting reserves. In addition, Dundee Common was purchased at a significant discount to its Net Asset Value ("NAV") indicating the potential for closure of a double discount.

Imerys S.A. ("Imerys") is engaged in minerals processing, producing clays, natural pigments, building products and materials for refractories and abrasive uses. Imerys has grown this collection of businesses via a combination of opportunistic acquisitions and internal growth, becoming one of the largest players in a number of the segments which it serves. Belying the mature and inherently cyclical nature of these businesses, the company has eked out more than a decade of increasing profitability. One would suspect that this might be attributable in some part to the high level of supplier concentration in the



markets where it operates as well as to a stream of innovations coming from the company combined with its continued focus on operating cost containment. Our purchase of these shares was effected at a single digit multiple of operating cash flow.

Sales

Bergesen ASA, the Norwegian LNG tanker owner, was the subject of a friendly, all-cash bid approximating the company's NAV, which was supported by the majority shareholders and to which these shareholders tendered their shares. Given the absence of a superior alternative, we chose to sell our shares in the market at a price approximating the tender price, adjusted for the time value of money and the tax impact upon the dividend which was to have been paid before completion of the transaction.

In our previous letter, we had noted that Bonheur ASA and Ganger Rolf ASA represented substantially the two faces of the same coin, i.e., they had substantially the same claim to identical assets. Accordingly, the shares of Bonheur Common were sold following an opportunity to purchase an economically equivalent value of Ganger Rolf Common at a discount to the former.

Geographical Distribution of Investments

At the end of April 2003, the geographical distribution of securities held by the Fund was as follows:

	%
Canada	18.57
Japan	10.37
United Kingdom	7.27
Norway	6.06

New Zealand	5.75
France	5.32
Singapore	4.79
Panama	2.58
Sweden	2.37
Spain	2.06
Hong Kong	2.04
Argentina	1.88
Switzerland	1.83
Securities-total	70.89
Cash & Other	29.11
Total	<u>100.00</u>

“...there is no attempt to allocate the portfolio assets among countries (or sectors) based upon an overarching macroeconomic view or index-related considerations.”

Note that the table above should be viewed as an *ex-post* listing of where our investments reside, period. As we have noted in prior letters, there is no attempt to allocate the portfolio assets among countries (or sectors) based upon an overarching macro-

economic view or index-related considerations.

I look forward to writing to you again when we publish our next quarterly report for the period ended July 31, 2003.

Sincerely,

Amit Wadhwaney
Portfolio Manager,
Third Avenue International Value Fund

[This page intentionally left blank.]

[This page intentionally left blank.]

Board of Trustees

Jack W. Aber
David M. Barse
William E. Chapman, II
Lucinda Franks
Edward J. Kaier
Marvin Moser
Eric Rakowski
Martin Shubik
Charles C. Walden
Martin J. Whitman

Officers

Martin J. Whitman
Chairman of the Board
David M. Barse
President, Chief Operating Officer
Michael T. Carney
Chief Financial Officer, Treasurer
W. James Hall
General Counsel, Secretary

Transfer Agent

PFPC Inc.
P.O. Box 9802
Providence, RI 02940
(610) 239-4600
(800) 443-1021 (toll-free)

Investment Adviser

Third Avenue Management LLC
622 Third Avenue
New York, NY 10017

Independent Accountants

PricewaterhouseCoopers LLP
1177 Avenue of the Americas
New York, NY 10036

Custodian

Custodial Trust Company
101 Carnegie Center
Princeton, NJ 08540



Third Avenue Funds
622 Third Avenue
New York, NY 10017
Phone (212) 888-5222
Toll Free (800) 443-1021
Fax (212) 888-6757
www.thirdave.com