THIRD AVENUE

Focused Credit Fund

JANUARY 31, 2016

Portfolio Manager Commentary

Dear Fellow Shareholders:

We would like to reiterate our commitment to maximizing the value of the remaining positions in the Third Avenue Focused Credit Fund (the "Fund") and returning capital to you in as timely a manner as practical in relation to realizing the value of the portfolio.

We believe that there is significant value embedded in the portfolio, and that time and management effort will allow this value to be surfaced. We have conviction in the companies in which we are invested. Volatility over the last year has not impaired our thesis on most of these investments.

Eight of the top ten holdings in the Fund have reorganized and/or exited bankruptcy within the past six to 24 months. The Fund now owns post reorganization equity and debt in companies that have reduced their debt burden and are on better footing to grow their businesses. Most of these companies were previously owned by private equity firms and are now owned by funds that, like ourselves, have experience in working out distressed positions. This change in ownership usually comes with a renewed focus from management and new board members, as well as an emphasis on maximizing value for the new shareholders.

We believe that the value in the portfolio can better be realized as market conditions normalize and/or certain corporate events occur. We believe the best course of action from a total return perspective is to take the time needed to obtain prices we believe represent this value. We intend to complete this process in a timely manner. We, the Third Avenue Credit team, are committed to seeing this through, and we have the support of Third Avenue to do so.

As we move forward, we will provide as much transparency as we can, without impairing our ability to optimize realizations in the portfolio. We will publish factsheets monthly and Portfolio Management commentary every quarter to keep you abreast of developments in the Fund. This information will be available on our website (http://thirdave.com/fund/third-avenue-focused-credit-fund/). This letter starts with an update on the Fund and then discusses the developments in the high yield and distressed debt markets.

Fund Update

The Fund's assets amount to $618.75 million, as of January 31, 2016. Slightly over half of the Fund's assets are invested in debt instruments; a third is invested in equities and the remaining one sixth is in cash and equivalents.

Eight of the companies in the top ten holdings have restructured over the last two years; the exceptions are iHeart and New Enterprise Stone and Lime. In all of these restructurings we have reduced the debt of the companies and taken equity in exchange for the debt securities we had originally purchased. We therefore own both debt and equity in most of these companies.

A third of the credits in the Fund are “unrated”; many of the unrated securities are debt instruments that the Fund received as a result of the restructuring process of companies in the Fund. For example, our debt position in Corporate Risk Holdings (CRH) is unrated because no rating agency has picked it up. However, the portfolio is now invested in second lien debt, yielding close to 14%.

The Fund paid a cash distribution on December 16, 2015 of approximately 9% and will distribute additional cash periodically. The Fund will keep some of the cash for tax diversification purposes, to cover expenses (which are now very low, as no investment advisory fee or distribution expenses are being incurred) and to protect our investments should a potentially dilutive corporate event take place.

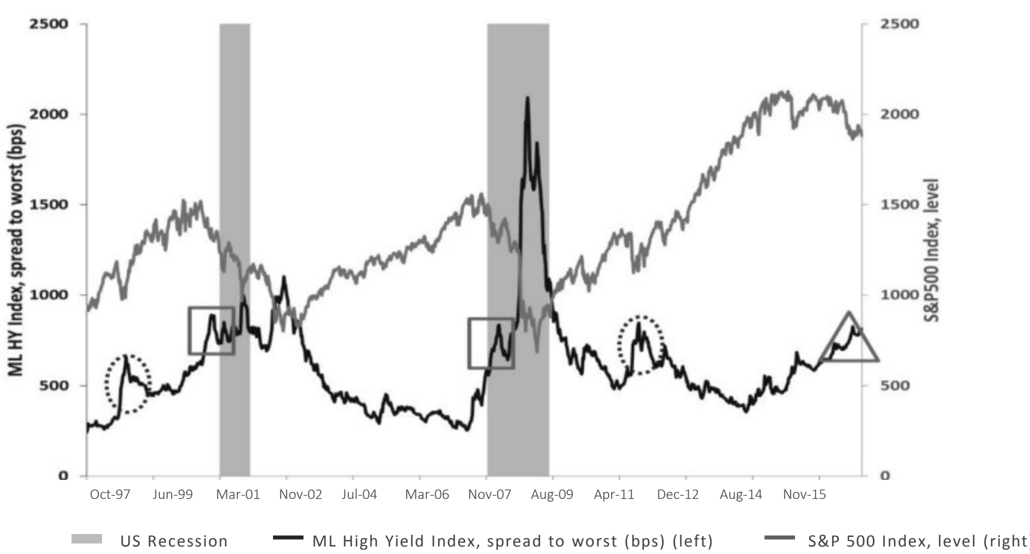
Going forward, we expect that the Fund will generate cash in three ways. First, through the sale of securities in the portfolio. Second, through coupon payments. Third, via a corporate event such as a company being purchased or tendering for securities.

Market Commentary: Credit spreads spiked over the last year. What is the credit market trying to say?

“Wall Street indices predicted nine out of the last five recessions!” - Paul Samuelson

Credit spreads started rising in the summer of 2014. By October 2015, high yield spreads had spiked around 350bps, and by January 2016 they increased by about another 450bps, reaching the 805bps level. Equity markets only started taking notice (that is, to see prices fall) in December 2015. In fact, high yield prices today suggest that the US economy may be entering a recession. Global equities dropped 7-10% during the month of January. Widening credit spreads and falling equity markets increase the cost of capital for companies and in some cases are starting to limit and/or directly deny them access to capital markets. This development can become circular and self-reinforcing: no access to capital markets can hurt otherwise perfectly healthy companies. At our October 2015 Value Conference we presented the chart below (now updated to February 2016) and asked: *Is the US economy heading towards a recession? Are credit markets getting it right before equity markets?*

Equity prices (S&P500 Index level) and High Yield spreads (Merrill Lynch High Yield Index spread to worst), October 1997 to February 2016



Source: Bloomberg Data

A look at historical spikes in credit spreads and recessions suggests that one does not necessarily imply the other. The figure above depicts high yield spreads and equity prices over the last 18 years. High yield spreads have increased by at least 300bps five times during this period; each one of these periods is depicted by the rectangles, ovals and triangle in the figure. The two periods circled in blue are instances where the spike in high yield spreads anticipated a recession (depicted by the gray bars). Credit spread spikes before the second half of 2000 and 2007 led into recessions, and were periods in which equities struggled, a lot. In contrast, credit markets got it absolutely wrong during the periods marked in dotted, the second half of 1998 and 2011. Those years offered excellent opportunities in stressed high yield, distressed debt or almost anything in credit. *The question before us today is obvious: will the triangle indicating the most recent spike in spreads turn into rectangles or ovals in the next six to twelve months?*

High yield spreads are implying a 9.3% default rate per year for the next few years; this contrasts with the current par-weighted high yield default rate of about 1.9% (JP Morgan data as of the end of January 2016). Implied and current default rates are driven mostly by the Energy and Metals/Mining sectors. Excluding these sectors, the implied high yield default rate falls to 6.8%, and the current par-weighted default rate to 0.3%. It is highly likely that we will see more defaults in Energy companies should oil and gas prices stay at current levels, or continue to drop. However, we believe that close to a fivefold increase in overall defaults is unlikely without a significant adverse global macro event. Clearly, the stress and low dollar prices for many oil and gas, coal and other commodity related bonds and loans are justified in a $30 oil environment. Not too long ago, high yield Energy bonds were considered “safe” and even “defensive” investments. No one expected these to become stressed/distressed securities, let alone that these investments would lead to a time consuming and expensive restructuring process. With current oil and commodity prices staying low and even continuing to drop recently, it is now quite clear that many of these companies will likely need to restructure in the next year or two. Many managers, forced to choose between jumping into the restructuring business or selling their securities at very depressed levels, are seeking to sell. We believe that this dynamic is generating contagion from the Energy and Metals/Mining sectors and into other sectors with otherwise relatively healthy fundamentals.

We are seeing a contagion impact from commodity sectors—where earnings and cash flows are contracting significantly—to other industries like Chemicals, Telecom, Industrials, Retail, Utility and Media where fundamentals are stronger and cash flows are either stable or growing. The credit market is severely punishing any non-Energy and non-Commodity company that misses earnings or has a small hiccup or gets downgraded. These days, several companies with double digit growth in EBITDA have seen double digit drops in bond prices.

While these events may forge great opportunities for those with cash, for the Fund it requires patience. Most of these securities are also trading below par, but unlike oil and commodity related companies, investors do not need to have a view on oil or iron ore or coal prices to invest in them. Today an investor can buy a portfolio of stressed high yield bonds and loans that yield around 10% with zero direct commodity exposure. A 10% yield plus capital appreciation—as markets normalize—makes for an investment that can be very attractive for many investors.

The dynamic described above has caused a significant disconnect between the highest and lowest quality high yield debt. The figure below shows the excess yield to owning lower quality CCC bonds relative to higher quality BB bonds since 2006. Larger yield spreads indicate a greater price for risk. The actual spreads to worst as of January 31, 2016 are 1,855bps for CCCs and 491bps for BB, a 14% yield gap. Note that while the current level of the yield gap is well above what it was at the peak of the 2011 European sovereign debt crisis, it is still below the 2,500bps it reached during the 2008 Global Financial Crisis. Equity markets reacted sharply in 2008. The S&P 500 returned -37% in 2008 and 2% in 2011, and 2% for 2015 and -5% for 2016 as of January 31, 2016. As we all remember, both of these years turned out to be excellent entry points for the lower quality segment of the market.

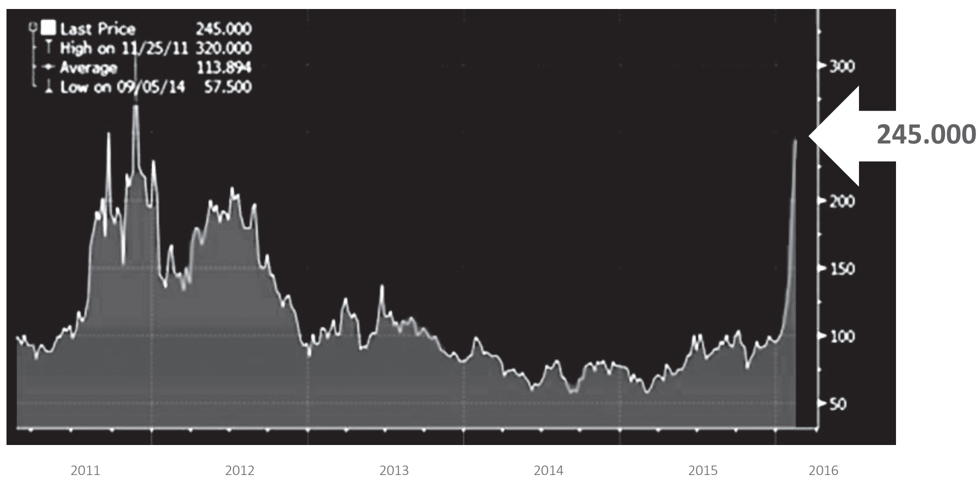
Yield gap between ML CCC Index and ML BB Index, February 2006 to February 2016, in bps

Source: Bloomberg Data

Distress is also spreading into investment grade credit. We are seeing second and third derivative effects of lower commodity prices and issues in credit and rates. Fallen angels, and soon to be fallen angels, could begin to swamp the high yield market with their size. CLOs and CLO equity that have been issued and bought in record levels over the last three years are starting to raise questions, as valuations moved much lower. MLPs, which historically need to raise capital on an ongoing basis, have seen their equities destroyed and have vast amounts of debt trading at distressed and stressed levels. We find that the Energy Transfer Equity (ETE)/ Williams (WMB) merger is the most interesting one in the MLP space. The deal was heralded as the combination of two large pipeline businesses to create a bellwether of the industry, and now substantial uncertainty exists about the merits of the merger, the nature of the underlying businesses and their cash flows. This merger is being closely scrutinized by the market as participants seek to understand the real counterparty risk that pipelines face with distressed E&P companies.

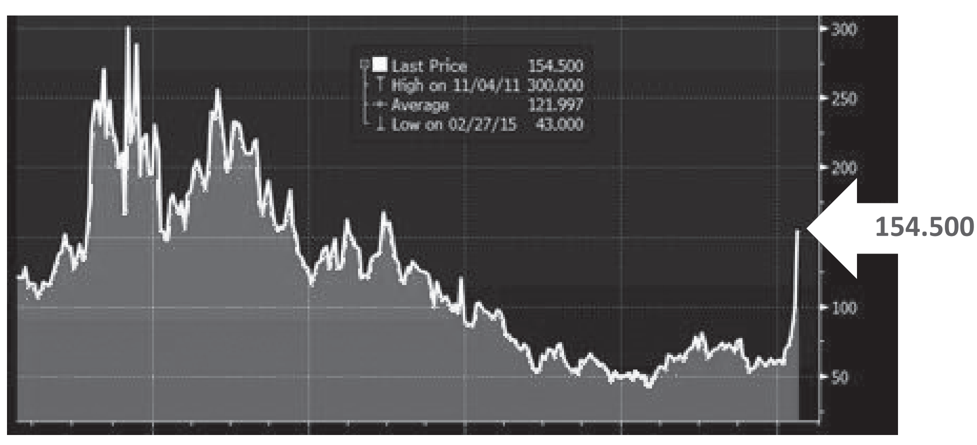
Finally, the market expected that some of the largest high yield commodity players would weather the storm and even gain from others' losses—that may not be the case anymore. For this reason, we are keeping our eyes on Chesapeake Energy Corporation and Peabody Energy Corporation, two of the largest companies in this space. In the past these risks ultimately transferred to the banking sector and finally to the Government. We are starting to see markets take notice of this, as indicated by the credit default swap (CDS) prices for Bank of America and Deutsche Bank.

Price for the five year credit default swaps (CDS) for Deutsche Bank, since 2011



Source: Bloomberg Data

Price for the five year credit default swaps (CDS) for Bank of America, since 2011



Source: Bloomberg Data

More Companies Trading at Distressed Levels

The table below shows a sample of some large companies that have traded to distressed levels in the past year. For comparison purposes the high yield market is currently at 10% (8.5% if we exclude commodities).

Characteristics of selected companies with over $10 billion in stressed/distressed debt that have not defaulted

Company	Industry	Total Debt*	Price	Yield %
Freeport Mcmo	Metals/ Oil	20	50-60	12-14
Williams Co	MLP	23	60-70	10
Chesapeake	Oil / Gas	10	30-50	25-40
ArcelorMittal	Steel	20	80	12
Sprint	Telco	30	60-100	9-15
Intelsat	Telco	15	40-85	11-30
NRG	Utility	20	75-85	11-12

*Total Debt is in billions of USD.

Source: Third Avenue Management and Bloomberg Data

CLOs have been driving bank loan demand for several years—that may be changing

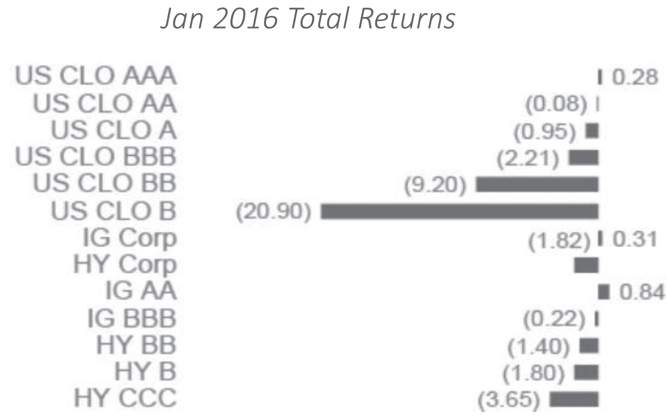
As retail flows into loan funds went from $63 billion in 2013 to a negative $45 billion during the 2014-15 period, CLO new issuance took up the slack, as highlighted in the box in the table below.

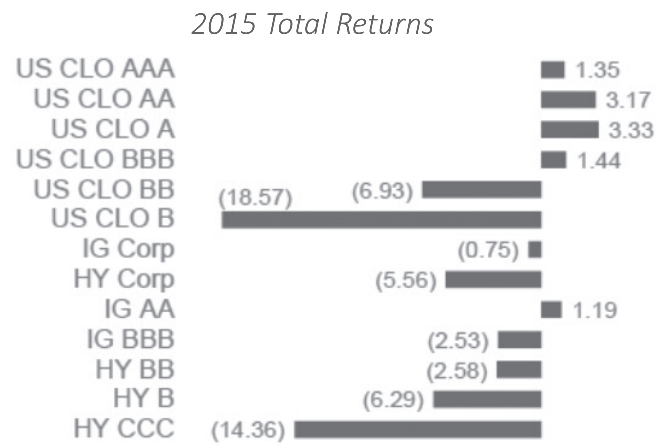
Leveraged loan supply and demand

($bn)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Year on Year%
Gross new issuance	324.6	388.3	72.4	38.3	154.5	229.3	300.5	669.9	466.9	325.8	-30%
Paydowns	-110.7	-149.1	-48.9	-88.1	-142.5	-201.8	-199.6	-259.5	-188.2	-175.0	
Repricings	0.0	0.0	0.0	0.0	0.0	-0.3	-37.3	-241.7	-90.5	-63.5	
Net New Issuance	**213.9**	**239.3**	**23.4**	**-49.8**	**12.0**	**27.2**	**63.5**	**168.8**	**188.2**	**87.3**	**-54%**
Retail inflows	4.4	-0.8	-5.6	4.9	17.9	13.9	12.2	63.0	-23.8	-21.7	
CLO issuance	94.1	90.0	21.4	1.3	3.8	13.6	55.7	87.1	131.9	109.6	
Total Demand	**98.4**	**89.3**	**15.8**	**6.1**	**21.7**	**27.5**	**67.9**	**150.0**	**108.1**	**87.9**	

Source: JP Morgan

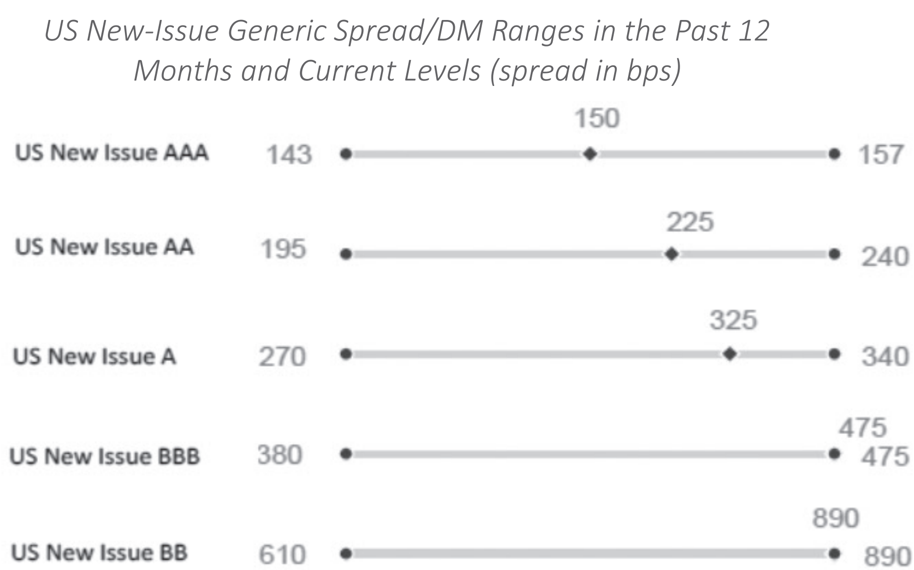
But returns for CLO tranches have turned materially negative recently.





Source: Morgan Stanley

The cost of issuing a new CLO is growing.



Source: Morgan Stanley

As of January 2016, Morgan Stanley found 348 US CLO 2.0 deals' equity tranches currently having NAV below zero. CLO 2.0 are deals that took place after the 2008 credit crisis and that typically feature higher levels of subordination, tighter collateral eligibility requirements, and shorter non-call and reinvestment periods than the pre-2008, or CLO 1.0, deals.

Median US CLO 2.0 Equity NAV Down Significantly

Source: Morgan Stanley Research, Intex, Markit

As we move into 2016-17, it will be very important to watch CLO new issuance, as this has supported the high yield and bank loan market, allowing private equity to finance M&A activity.

The trends in the credit markets—higher yields, higher default rate expectations, contagion from oil into other sectors with healthier fundamentals, and a disconnect between lower and higher quality bonds—have been exacerbated over the last few months. Credit markets seem to be pricing in a recession in the US. While we are not in the business of forecasting the macroeconomy, it is also important to note that several other relevant variables point in a different direction, for example, cheap oil will likely boost the US economy. It may well be the case that the turmoil in credit markets is merely reflecting heightened uncertainty over Central Banks and interest rates, a longer than expected commodity slump, and concerns over China's modest 6-7% GDP growth projections instead of a recession in the US economy. Should this be the case, credit markets are offering a wealth of opportunities.

As usual, we thank you for your interest and look forward to writing to you next quarter. Until then, we look forward to sharing our views on current events and the Fund.

Sincerely,

Third Avenue Focused Credit Team

Tom Lapointe, Lead Portfolio Manager
Joseph Zalewski, Portfolio Manager
Nathaniel Kirk, Portfolio Manager

Third Avenue Focused Credit Fund
Portfolio of Investments
at January 31, 2016 (Unaudited)

Principal Amount‡		Security†	Value (Note 1)
Corporate Bonds & Notes - 39.97%			
		Chemicals - 0.00%	
17,478,774		Reichhold Industries, Inc., due 5/8/17 (a)(b)(c)(d)	$ —
		Consumer Products - 11.60%	
		Ideal Standard International S.A. (Luxembourg):	
30,103,055	EUR	Series B, 11.750% Cash or 15.750% Payment-in-kind Interest, due 5/1/18 (b)(c)(e)	32,610,475
36,125,178	EUR	Series C , 11.750% Cash or 17.750% Payment-in-kind Interest, due 5/1/18 (b)(c)(e)(f)	39,134,207
			71,744,682
		Energy - 1.73%	
5,500,000		American Eagle Energy Corp., due 9/1/19 (a)(d)	481,250
		Global Geophysical Services, Inc., Escrow:	
45,925,000		due 5/1/17 (b)(c)(d)	—
15,599,000		due 5/1/17 (b)(c)(d)	—
20,150,000		IronGate Energy Services LLC, 11.000%, due 7/1/18 (a)	10,175,750
3,000,000		Lone Pine Resources, Inc., Escrow, due 2/15/17 (b)(d)	—
10,106,000	CAD	Southern Pacific Resource Corp., due 1/25/18 (Canada) (a)(d)	72,500
			10,729,500
		Healthcare - 1.16%	
7,500,000		InVentiv Health, Inc., 10.000%, due 8/15/18	7,181,250
		Home Construction - 3.98%	
42,812,000		New Enterprise Stone & Lime Co., Inc., 11.000%, due 9/1/18	24,616,900
		Manufacturing - 7.04%	
3,400,000		Euramax International, Inc., 12.000%, due 8/15/20 (a)	3,077,000
48,958,986		Liberty Tire Recycling LLC, 2nd Lien, 11.000% Payment-in-kind Interest, due 3/31/21 (a)(b)(c)(e)	40,459,706
			43,536,706
		Media/Cable - 4.57%	
43,000,000		Cengage Learning Acquisitions, Inc., Escrow, due 4/15/20 (b)(d)	—
110,515,000		iHeartCommunications, Inc., 12.000% Cash plus 2.000% Payment-in-kind Interest, due 2/1/21 (e)	28,291,840
			28,291,840
		Metals & Mining - 1.09%	
		New World Resources N.V. (Netherlands):	
38,918,059	EUR	8.000% Cash or 11.000% Payment-in-kind Interest, due 4/7/20 (a)(e)	2,951,180
14,475,933	EUR	4.000% Cash or 8.000% Payment-in-kind Interest, due 10/7/20 (a)(e)	78,409
		Metals & Mining (continued)	
37,000,000		Noranda Aluminum Acquisition Corp., due 6/1/19 (d)	$ 3,700,000
			6,729,589
		Retailers - 0.09%	
2,500,000		Claire's Stores, Inc., 8.875%, due 3/15/19	537,500
		Services - 6.38%	
9,516,000		Affinion International Holdings, Ltd., 3.500% Cash and 4.000% Payment-in-kind Interest, due 7/30/18 (United Kingdom) (a)(c)(e)	6,708,780
		Corporate Risk Holdings LLC :	
35,186,097		11.500% Cash or 13.500% Payment-in-kind Interest, due 1/2/20 (a)(b)(c)(e)	32,751,219
120,047,350		Escrow, due 7/1/20 (b)(c)(d)	—
36,181,786		Escrow, due 7/1/20 (b)(c)(d)	—
			39,459,999
		Transportation Services - 2.33%	
20,000,000		CEVA Group PLC, 9.000%, due 9/1/21 (United Kingdom) (a)	14,425,000
		Total Corporate Bonds & Notes (Cost $478,422,437)	247,252,966
Term Loans - 11.37%			
		Chemicals - 3.77%	
		Reichhold Holdings International B.V. (Netherlands):	
4,488,052		Term Loan, 12.000% Cash or 14.000% Payment-in-kind Interest, due 3/31/17 (b)(c)(e)	4,488,052
2,714,674		Term Loan, 15.000% Cash or Payment-in-kind Interest, due 3/31/17 (b)(c)(e)	2,714,674
1,900,212		Reichhold LLC II, Term Loan, 12.000% Cash or 14.000% Payment-in-kind Interest, due 3/31/17 (b)(c)(e)	1,900,212
19,899,244		Vertellus Specialties, Inc., Term Loan B, 10.500%, due 10/10/19 (g)	14,203,085
			23,306,023
		Energy - 2.23%	
16,218,673		Global Geophysical Services, Inc., Term Loan B, 15.500% Payment-in-kind Interest, due 8/9/17 (b)(c)(e)	—
23,720,306		Hercules Offshore, Inc., 1st Lien, 10.500%, due 5/6/20 (g)	13,401,973
5,000,000		Templar Energy LLC, Term Loan B, 2nd Lien, 8.500%, due 11/25/20 (g)	375,000
			13,776,973
		Financials - 0.01%	
		Concrete Investment I, Term Loan (Luxembourg):	
32,255	EUR	Tranche A2, 2.000% Cash or Payment-in-kind Interest, due 10/31/16 (b)(e)(g)	34,941

See accompanying notes to the Portfolios of Investments.

Third Avenue Focused Credit Fund
Portfolio of Investments (continued)
at January 31, 2016 (Unaudited)

Principal Amount‡		Security†	Value (Note 1)
Term Loans (continued)			
		Financials (continued)	
		Concrete Investment I, Term Loan (Luxembourg):	
12,322	EUR	Tranche A3, 2.000% Cash or Payment-in-kind Interest, due 10/31/16 (b)(e)(g)	$ 13,349
		Concrete Investment II, Term Loan (Luxembourg):	
22,197	EUR	Tranche A2, 2.000% Cash or Payment-in-kind Interest, due 10/31/16 (b)(e)(g)	24,046
3,081	EUR	Tranche A3, 2.000% Cash or Payment-in-kind Interest, due 10/31/16 (b)(e)(g)	3,337
			75,673
		Gaming & Entertainment - 1.87%	
15,417,147		Majestic Star Casino LLC, Term Loan, 1st Lien, 12.500% Cash or 14.500% Payment-in-kind Interest, due 6/1/20 (e)	11,562,861
		Manufacturing - 3.18%	
22,138,750		Liberty Tire Recycling Holdco, LLC, Term Loan B, 9.000%, due 7/7/20 (c)(g)	19,703,487
		Services - 0.24%	
15,797,545		Education Management II LLC, Term Loan B, 8.500% Cash or Payment-in-kind Interest, due 7/2/20 (e)(g)	1,481,020
		Utilities - 0.07%	
500,000		Longview Power, LLC, Revolver, 6.430%, due 4/13/20 (b)(c)(g)	417,500
		Total Term Loans (Cost $118,394,255)	70,323,537

Shares	Security†	Value (Note 1)
Convertible Preferred Stocks - 1.36%		
	Services - 0.07%	
118,341	Education Management Corp., Class A-1 (h)	414,194
	Transportation Services - 1.29%	
4,435	CEVA Holdings LLC , Series A-1 (Marshall Islands)(f)(h)	2,954,965
10,196	CEVA Holdings LLC , Series A-2 (Marshall Islands)(f)(h)	5,034,112
		7,989,077
	Total Convertible Preferred Stocks (Cost $26,000,752)	8,403,271
Preferred Stocks - 3.67%		
	Energy - 0.35%	
1,122,431	Lone Pine Resources, Inc. (Canada)(b)(h)	2,143,843
	Financials - 3.32%	
100,000	Federal Home Loan Mortgage Corp., 5.300% (h)	338,250
	Financials (continued)	
60,000	Federal Home Loan Mortgage Corp., Series G (g)(h)	$ 234,000
88,283	Federal Home Loan Mortgage Corp., Series H, 5.100% (h)	354,015
63,188	Federal Home Loan Mortgage Corp., Series K, 5.790% (h)	265,390
52,500	Federal Home Loan Mortgage Corp., Series L (g)(h)	194,250
207,640	Federal Home Loan Mortgage Corp., Series M (g)(h)	843,537
336,223	Federal Home Loan Mortgage Corp., Series P, 6.000% (h)	1,445,759
224,580	Federal Home Loan Mortgage Corp., Series R, 5.700% (h)	967,940
165,000	Federal Home Loan Mortgage Corp., Series S (g)(h)	709,500
637,722	Federal Home Loan Mortgage Corp., Series V, 5.570% (h)	1,500,241
392,089	Federal Home Loan Mortgage Corp., Series W, 5.660% (h)	1,122,355
100,000	Federal Home Loan Mortgage Corp., Series Y, 6.550% (h)	225,000
96,750	Federal National Mortgage Association, Series H, 5.810% (h)	439,245
478,000	Federal National Mortgage Association, Series M, 4.750% (h)	2,180,875
1,293,000	Federal National Mortgage Association, Series O (g)(h)	6,258,120
100,000	Federal National Mortgage Association, Series P (g)(h)	226,500
749,800	Federal National Mortgage Association, Series T, 8.250% (h)	3,246,634
		20,551,611
	Total Preferred Stocks (Cost $38,661,824)	22,695,454
Private Equities - 3.53%		
	Automotive - 0.31%	
10,000,000	International Automotive Components Group North America, LLC, Class B (h)	1,950,000
	Chemicals - 2.30%	
29,055	Reichhold Cayman L.P. (Cayman Islands)(b)(c)(h)	14,199,178
	Consumer Products - 0.89%	
1,451,633,736,282	Ideal Standard International Equity S.A. Alpecs (Luxembourg)(b)(c)(f)(h)	5,503,914
	Energy - 0.03%	
19,700	Thunderbird Resources L.P. (b)(h)(i)	178,481
	Total Private Equities (Cost $30,651,291)	21,831,573
Common Stocks & Warrants - 23.97%		
	Chemicals - 0.00%(j)	
478,500	Phosphate Holdings, Inc. (c)(h)	6,938

See accompanying notes to the Portfolios of Investments.

Third Avenue Focused Credit Fund
Portfolio of Investments (continued)
at January 31, 2016 (Unaudited)

Shares	Security†	Value (Note 1)
Common Stocks & Warrants (continued)		
	Energy - 2.61%	
124,461	Geokinetics Holdings USA, Inc. (b)(c)(f)(h)	$ 10,849,265
3,786,564	Global Geophysical Services, Inc. (b)(c)(h)	—
262,913	Global Geophysical Services, Inc., Warrants (b)(c)(h)	—
812,533	Hercules Offshore, Inc. (h)	747,530
374,199	Lone Pine Resources Canada, Ltd. (Canada) (b)(h)	606,203
374,199	Lone Pine Resources, Inc. (b)(h)	—
1,122,431	Lone Pine Resources, Inc., Multiple Voting Shares (b)(h)	—
50,000	Platinum Energy Holdings, Inc. (b)(f)(h)	519,500
10,874	Platinum Energy Holdings, Inc., Warrants (b)(f)(h)	—
53	Thunderbird Resources Equity, Inc. (b)(h)	3,433,035
		16,155,533
	Financials - 0.10%	
468,188	Federal Home Loan Mortgage Corp. (h)	613,326
	Manufacturing - 1.36%	
3,430,293	LTR Holdings, Inc. (b)(c)(h)	8,404,218
45,000	LTR Holdings, Inc., Warrants, expire 12/12/19 (b)(c)(h)	—
		8,404,218
	Media/Cable - 0.93%	
2,127,789	Radio One, Inc., Class D (c)(h)	3,064,016
639,603	Spanish Broadcasting System, Inc., Class A (c)(h)	2,679,937
		5,743,953
	Metals & Mining - 0.02%	
333,434	Noranda Aluminum Holding Corp.	100,030
	Services - 15.09%	
1,751,734	Affinion Group, Inc. (c)(h)	22,772,542
462,266	Affinion Group, Inc., Warrants (b)(c)(h)	6,004,835
522	Affinion Group, Inc., Warrants, Series C (b)(c)(h)	—
549	Affinion Group, Inc., Warrants, Series D (b)(c)(h)	—
31,594	Corporate Risk Holdings Corp. (b)(c)(h)	—
6,248,652	Corporate Risk Holdings I, Inc. (c)(h)	64,048,683
106,353,817	Education Management Corp. (a)(h)	542,405
		93,368,465
	Transportation Services - 0.37%	
4,710	CEVA Holdings LLC (Marshall Islands) (f)(h)	2,266,644
	Utilities - 3.49%	
4,550,000	Longview Intermediate Holdings C, LLC (c)(h)	21,612,500
	Total Common Stocks & Warrants (Cost $309,075,472)	148,271,607

Principal Amount($)	Security	Value (Note 1)
Short-Term Investment - 8.08%		
	U.S. Government Obligations - 8.08%	
50,000,000	U.S. Treasury Bill, 0.240%, due 2/25/16 (k)	$ 49,992,166
	Total Short-Term Investment (Cost $49,992,166)	49,992,166
	Total Investment Portfolio - 91.95% (Cost $1,051,198,197)	568,770,574
	Other Assets less Liabilities - 8.05% (l)	49,775,526
	NET ASSETS - 100.00%	$ 618,546,100
	Investor Class:	
	Net assets applicable to 38,407,693 shares outstanding	$ 202,074,688
	Net asset value, offering and redemption price per share	$ 5.26
	Institutional Class:	
	Net assets applicable to 79,317,948 shares outstanding	$ 416,471,412
	Net asset value, offering and redemption price per share	$ 5.25

Notes:

(a) Security is exempt from registration under Rule 144A of the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers.
(b) Fair-valued security.
(c) Affiliated issuers - as defined under the Investment Company Act of 1940 (ownership of 5% or more of the outstanding voting securities of these issuers).
(d) Issue in default.
(e) Payment-in-kind ("PIK") security. Income may be paid as additional securities or cash at the discretion of the issuer.
(f) Security subject to restrictions on resale.

Shares/ Principal Amount[1]	Issuer	Aquisition Date	Cost	Market Value Per Unit
4,710	CEVA Holdings LLC	5/29/13	$ 5,355,643	$481.24
4,435	CEVA Holdings LLC , Series A-1, Convertible Preferred	5/29/13	4,435,224	666.28
10,196	CEVA Holdings LLC , Series A-2, Convertible Preferred	5/29/13	13,298,434	493.73
124,461	Geokinetics Holdings USA, Inc.	5/22/13-5/14/14	13,060,780	87.17
1,451,633,736,282	Ideal Standard International Equity S.A. Alpecs	10/31/14	9,915,530	0.00[2]
36,125,178 EUR	Ideal Standard International S.A., Series C 11.750% Cash or 17.750% Payment-in-kind Interest, due 5/1/18	10/31/14-11/1/15	43,396,160	108.33
50,000	Platinum Energy Holdings, Inc.	10/4/13	1,225,746	10.39
10,874	Platinum Energy Holdings, Inc., Warrants	10/4/13	9,743	0.00

EUR: Euro.
1) Denominated in U.S. Dollars unless otherwise noted.
2) Amount less than $0.01.
At January 31, 2016, these restricted securities had a total market value of $66,262,607 or 10.71% of net assets.

(g) Variable rate security. The rate disclosed is in effect as of January 31, 2016.
(h) Non-income producing security.
(i) Security is held in the blocker, created to hold the investment for the Fund.
(j) Amount represents less than 0.01% of net assets.
(k) Annualized yield at date of purchase.
(l) A portion is segregated for future fund commitments.
† U.S. issuer unless otherwise noted.
‡ Denominated in U.S. Dollars unless otherwise noted.
CAD: Canadian Dollar.
EUR: Euro.

See accompanying notes to the Portfolios of Investments.

Third Avenue Focused Credit Fund
Portfolio of Investments (continued)
at January 31, 2016 (Unaudited)

Country Concentration

	% of Net Assets
United States*	69.96%
Luxembourg	12.50
United Kingdom	3.42
Cayman Islands	2.30
Marshall Islands	1.66
Netherlands	1.65
Canada	0.46
Total	91.95%

* Includes cash equivalents.

Schedule of Forward Foreign Currency Contracts

Contracts to Sell	Counterparty	Settlement Date	Settlement Value	Value at 1/31/16	Unrealized Appreciation
74,660,000 EUR	JP Morgan Chase Bank, N.A.	2/26/16	$81,282,342	$80,928,655	$353,687

EUR: Euro.

1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization:

Third Avenue Trust (the “Trust”) is an open-end, management investment company organized as a Delaware business trust pursuant to a Trust Instrument dated October 31, 1996. The Trust currently consists of five non-diversified (within the meaning of Section 5(b)(2) of the Investment Company Act), separate investment series: Third Avenue Value Fund, Third Avenue Small-Cap Value Fund, Third Avenue Real Estate Value Fund, Third Avenue International Value Fund and Third Avenue Focused Credit Fund (each a “Fund” and, collectively, the “Funds”). Third Avenue Management LLC (the “Adviser”) provides investment advisory services to each of the Funds in the Trust. The Funds seek to achieve their investment objectives by adhering to a strict value discipline when selecting securities and other instruments. Each Fund has a distinct investment approach.

Accounting policies:

The policies described below are followed consistently by the Funds in the preparation of their financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The Trust is an investment company and, accordingly, follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) Topic 946-Investment Companies, which is part of U.S. GAAP.

Security valuation:

Generally, the Funds’ investments are valued at market value. Securities traded on a principal stock exchange, including The NASDAQ Stock Market, Inc. (“NASDAQ”), are valued at the last quoted sales price, the NASDAQ official closing price, or in the absence of closing sales prices on that day, securities are valued at the mean between the closing bid and asked price. In accordance with procedures approved by the Trust’s Board of Trustees (the “Board”), the Funds have retained a third party provider that, under certain circumstances, applies a statistical model to provide fair value pricing for foreign equity securities with principal markets that are no longer open when a Fund calculates its net asset value (“NAV”), and certain events have occurred after the principal markets have closed but prior to the time as of which the Funds compute their NAVs. Debt instruments with maturities greater than 60 days, including floating rate loan securities, are valued on the basis of prices obtained from a pricing service approved as reliable by the Board or otherwise pursuant to policies and procedures approved by the Board. Investments in derivative instruments are valued independently by service providers or by broker quotes based on pricing models. Short-term cash investments are valued at cost, plus accrued interest, which approximates market value. Short-term debt securities with 60 days or less to maturity may be valued at amortized cost.

The Adviser has established a Valuation Committee (the “Committee”) which is responsible for overseeing the pricing and valuation of all securities held in the Funds. The Committee operates under pricing and valuation policies and procedures established by the Adviser and approved by the Board, including pricing policies which set forth the mechanisms and processes to be employed on a daily basis to implement these policies and procedures. In particular, the pricing policies describe how to determine market quotations for securities and other instruments. The Committee’s responsibilities include: 1) fair value and liquidity determinations (and oversight of any third parties to whom any responsibility for fair value and liquidity determinations is delegated), and 2) regular monitoring of the Adviser’s pricing and valuation policies and procedures and modification or enhancement of these policies and procedures (or recommendation of the modification of these policies and procedures) as the Committee believes appropriate.

Each Fund may invest up to 15% of its total net assets in securities which are not readily marketable. Securities that are not readily marketable are generally those that cannot be sold or disposed of within seven days, which usually occurs because of legal or contractual restrictions or the absence of a market for such securities in the ordinary course of business at approximately the prices at which they are valued. Securities for which market quotations are not readily available are valued at “fair value”, as determined in good faith by the Committee as authorized by the Board, under procedures established by the Board. At January 31, 2016, such securities had a total fair value of $14,010,211 or 1.12% of net assets of Third Avenue Value Fund, $28,207,459 or 1.19% of net assets of Third Avenue Real Estate Value Fund, and $206,394,191 or 33.37% of net assets of Third Avenue Focused Credit Fund. There were no fair valued securities for Third Avenue Small-Cap Value Fund and Third Avenue International Value Fund at January 31, 2016. Among the factors that may be considered by the Committee in determining fair value are: prior trades in the security in question, trades in similar securities of the same or other issuers, the type of security, trading in marketable securities of the same issuer, the financial condition of the issuer, comparable multiples of similar issuers, the operating results of the issuer and liquidation value of the issuer. See Fair Value Measurements below for additional detail on fair value measurements for financial reporting purposes. The fair values determined in accordance with these procedures may differ significantly from the amounts which would be realized upon disposition of the securities. The recent high yield and distressed credit market instability has made it more difficult to obtain market quotations on certain securities owned by Third Avenue Focused Credit Fund.

Fair value measurements:

In accordance with FASB ASC 820-10, Fair Value Measurements and Disclosures, the Funds disclose the fair value of their investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. Fair value is defined as the price that a Fund would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment under current market conditions. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Funds have the ability to access at the measurement date;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active;
- Level 3 – Significant unobservable inputs (including the Funds' own assumptions in determining the fair value of investments)

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input both individually and in aggregate that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Funds. The Funds consider observable data to be market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments.

The Funds use valuation techniques to measure fair value that are consistent with the market approach and/or income approach, depending on the type of security and the particular circumstance. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable securities. The income approach uses valuation techniques to discount estimated future cash flows to present value.

The following are certain inputs and techniques that the Funds generally use to evaluate how to classify each major category of assets and liabilities for Level 2 and Level 3, in accordance with U.S. GAAP.

Equity Securities (Common Stocks, Preferred Stocks, and Warrants)—Equity securities traded in inactive markets and certain foreign equity securities are valued using inputs which include broker-dealer quotes, recently executed transactions adjusted for changes in the benchmark index, or evaluated price quotes received from independent pricing services or brokers that take into account the integrity of the market sector and issuer, the individual characteristics of the security, and information received from broker-dealers and other market sources pertaining to the issuer or security. To the extent that these inputs are observable, the values of equity securities are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

U.S. Government Obligations—U.S. Government obligations are valued by independent pricing services based on pricing models that evaluate the mean between the most recently quoted bid and ask price. The models also take into consideration data received from active market makers and broker-dealers, yield curves, and the spread over comparable U.S. Government issues. The spreads change daily in response to market conditions and are generally obtained from the new issue market and broker-dealer sources. To the extent that these inputs are observable, the values of U.S. Government obligations are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

Corporate Bonds & Notes—Corporate bonds and notes are generally comprised of two main categories: investment grade bonds and high yield bonds. Investment grade bonds are valued by independent pricing services or brokers using various inputs and techniques, which include broker-dealer quotations, live trading levels, recently executed transactions in securities of the issuer or comparable issuers, and option adjusted spread models that include base curve and spread curve inputs. Adjustments to individual bonds can be applied to recognize trading differences compared to other bonds issued by the same issuer. High yield bonds are valued by independent pricing services or brokers based primarily on broker-dealer quotations from relevant market makers and recently executed transactions in securities of the issuer or comparable issuers. The broker-dealer quotations received are supported by credit analysis of the issuer that takes into consideration credit quality assessments, daily trading activity, and the activity of the underlying equities, listed bonds and sector specific trends. To the extent that these inputs are observable, the values of corporate bonds and notes are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

Forward Foreign Currency Contracts—Forward foreign currency contracts are valued by independent pricing services using various inputs and techniques, which include broker-dealer quotations, actual trading information and foreign currency exchange rates gathered from leading market makers and foreign currency exchange trading centers throughout the world. To the extent that these inputs are observable, the values of forward foreign currency contracts are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

Term Loans—Term loans are valued by independent pricing services based on the average of evaluated quoted prices received from multiple dealers or valued relative to other benchmark securities when broker-dealer quotes are unavailable. Inputs may include quoted prices for similar investments in active markets, interest rates, coupon rates, yield curves, option adjusted spreads, default rates, credit spreads and other unique security features in order to estimate the relevant cash flows which is then discounted to calculate fair values. To the extent that these inputs are observable, the values of term loans are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

Municipal Bonds—Municipal bonds are valued by independent pricing services based on pricing models that take into account, among other factors, information received from market makers and broker-dealers, current trades, bid-ask lists, offerings, market movements, the callability of the bond, state of issuance, benchmark yield curves, and bond insurance. To the extent that these inputs are observable, the values of municipal bonds are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

Options (Written and Purchased)—Options are valued by independent pricing services or by brokers based on pricing models that take into account, among other factors, foreign exchange rate, time until expiration, and volatility of the underlying foreign currency security. To the extent that these inputs are observable, the values of options are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

The following is a Summary by Level of Inputs used to value the Funds' investments as of January 31, 2016:

	Third Avenue Value Fund	Third Avenue Small-Cap Value Fund	Third Avenue Real Estate Value Fund	Third Avenue International Value Fund	Third Avenue Focused Credit Fund
Level 1: Quoted Prices†					
Investments in Securities:					
Common Stocks & Warrants:					
Automotive	$ 38,496,432	$ —	$ —	$ —	$ —
Consumer Products	56,453,334	—	—	—	—
Diversified Holding Companies	—	—	—	7,322,731	—
Energy	—	—	—	—	747,530
Financials	—	—	—	—	613,326
Forest Products & Paper	63,666,716	5,911,635	211,505,805	5,223,733	—
Metals & Mining	—	—	—	4,819,220	100,030
Non-U.S. Real Estate Operating Companies	—	—	86,341,394	—	—
Oil & Gas Production & Services	61,111,529	—	—	—	—
Real Estate	—	—	—	1,520,452	—
Retail-Building Products	—	—	74,019,764	—	—
U.S. Real Estate Operating Companies	23,820,361	12,094,434	67,131,260	—	—
Utilities	42,810,363	—	—	—	—
Other**	659,612,710	257,314,488	819,249,081	16,143,856	5,750,891
Preferred Stocks:					
Financials	—	—	—	—	13,598,413
Total for Level 1 Securities	**945,971,445**	**275,320,557**	**1,258,247,304**	**35,029,992**	**20,810,190**

	Third Avenue Value Fund	Third Avenue Small-Cap Value Fund	Third Avenue Real Estate Value Fund	Third Avenue International Value Fund	Third Avenue Focused Credit Fund
Level 2: Other Significant Observable Inputs†					
Investments in Securities:					
Common Stocks					
Automotive	22,163,662	—	—	5,386,597	—
Building & Construction Products/Services	—	—	—	8,008,690	—
Capital Goods	—	—	—	2,305,017	—
Consumer Products	29,941,729	—	—	—	—
Corporate Services	—	—	—	3,842,876	—
Diversified Holding Companies	110,632,381	5,274,367	—	6,863,156	—

Notes to Portfolios of Investments (continued)

January 31, 2016 (Unaudited)

Summary by Level of Inputs (continued)

	Third Avenue Value Fund	Third Avenue Small-Cap Value Fund	Third Avenue Real Estate Value Fund	Third Avenue International Value Fund	Third Avenue Focused Credit Fund
Engineering & Construction	$ —	$ —	$ —	$ 3,680,216	$ —
Financials	—	—	—	3,792,923	—
Food & Beverage	—	—	—	3,481,214	—
Forest Products & Paper	—	—	—	7,269,815	—
Media	—	—	—	4,924,235	—
Metals & Mining	—	—	—	4,632,514	—
Non-U.S. Real Estate Consulting/Management	—	—	25,860,362	—	—
Non-U.S. Real Estate Investment Trusts	—	—	123,235,146	—	—
Non-U.S. Real Estate Operating Companies	—	—	697,103,497	—	—
Oil & Gas Production & Services	40,154,091	—	—	5,597,121	—
Real Estate	—	—	—	11,638,464	—
Retail-Building Products	—	—	8,321,275	—	—
Services	—	—	—	—	86,821,225
Telecommunications	32,540,521	—	—	3,351,826	—
Transportation Services	—	—	—	—	2,266,644
Utilities	—	—	—	—	21,612,500
Convertible Preferred Stocks:					
Transportation Services	—	—	—	—	7,989,077
Preferred Stocks:					
Financials	—	—	—	—	6,953,198
Corporate Bonds & Notes	4,810,098	—	—	4,347,000	99,195,270
Term Loans	—	—	—	—	16,059,105
Purchased Options:					
Foreign Currency Call Options	—	—	4,797,082	—	—
Short-Term Investments:					
U.S. Government Obligations	—	—	—	—	49,992,166
Total for Level 2 Securities	**240,242,482**	**5,274,367**	**859,317,362**	**79,121,664**	**290,889,185**

	Third Avenue Value Fund	Third Avenue Small-Cap Value Fund	Third Avenue Real Estate Value Fund	Third Avenue International Value Fund	Third Avenue Focused Credit Fund
Level 3: Significant Unobservable Inputs					
Investments in Securities:					
Common Stocks & Warrants:					
Consumer Products	—*	—	—	—	—
Energy	—	—	—	—	15,408,003*
Financial Insurance	441,396	—	—	—	—
Manufacturing	—	—	—	—	8,404,218*
Services	—	—	—	—	6,547,240*
U.S. Real Estate Operating Companies	—	—	25,041,803	—	—
Limited Partnerships:					
Insurance & Reinsurance	37,396	—	—	—	—
Convertible Preferred Stocks:					
Services	—	—	—	—	414,194
Preferred Stocks:					
Energy	—	—	—	—	2,143,843
Non-U.S. Real Estate Operating Companies	—	—	37,839,743	—	—
Corporate Bonds & Notes	13,531,419	—	—	—	148,057,696*
Term Loans	—	—	3,165,656	—	54,264,432*
Private Equities:					
Automotive	—	—	—	—	1,950,000
Chemicals	—	—	—	—	14,199,178
Consumer Products	—	—	—	—	5,503,914
Energy	—	—	—	—	178,481
U.S. Real Estate Operating Companies	—	—	79,329,846	—	—
Total for Level 3 Securities	**14,010,211**	**—**	**145,377,048**	**—**	**257,071,199**

Notes to Portfolios of Investments (continued)
January 31, 2016 (Unaudited)

Summary by Level of Inputs (continued)

	Third Avenue Value Fund	Third Avenue Small-Cap Value Fund	Third Avenue Real Estate Value Fund	Third Avenue International Value Fund	Third Avenue Focused Credit Fund
Total Value of Investments	**$ 1,200,224,138**	**$ 280,594,924**	**$2,262,941,714**	**$ 114,151,656**	**$ 568,770,574**
Investments in Other Financial Instruments:					
Level 2: Other Significant Observable Inputs					
Forward Foreign Currency Contracts - Assets	$ —	$ —	$ 432,832	$ —	$ 353,687
Total Value or Appreciation/(Depreciation) of Other Financial Instruments	**$ —**	**$ —**	**$ 432,832**	**$ —**	**$ 353,687**

† The value of securities that were transferred from Level 2 to Level 1 for Third Avenue Focused Credit Fund was $13,497,895. The transfer was due to the availability of quoted prices in active market at period end. The value of securities that were transferred from Level 1 to Level 2 for Third Avenue Value Fund, Third Avenue Real Estate Value Fund and Third Avenue International Value Fund were $307,329,069, $1,085,128,065 and $96,135,442, respectively. The transfer was the result of certain securities trading primarily outside the U.S. whose values were adjusted as a result of significant market movements following the close of the local trading market. The value of the securities that were transferred from Level 1 to Level 2 for Third Avenue Focused Credit Fund was $6,515,633. The transfer was due to lack of quoted prices in active market at period end.

* Investments fair valued at zero.

** Please refer to the Portfolios of Investments for industry specifics of the portfolio holdings.

Transfers from Level 1 to Level 2, or from Level 2 to Level 1 are recorded utilizing values as of the beginning of the period.

Following is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value:

Third Avenue Value Fund

	Common Stocks	Corporate Bonds & Notes	Limited Partnerships	Total
Balance as of 10/31/15 (fair value)				
Consumer Products	$ —*	$ 15,069,133	$ —	$ 15,069,133
Financial Insurance	389,302	—	—	389,302
Insurance & Reinsurance	—	—	34,315	34,315
Net change in unrealized gain/(loss)				
Consumer Products	—	(1,537,714)	—	(1,537,714)
Financial Insurance	52,094	—	—	52,094
Insurance & Reinsurance	—	—	3,081	3,081
Balance as of 1/31/16 (fair value)				
Consumer Products	—*	13,531,419	—	13,531,419
Financial Insurance	441,396	—	—	441,396
Insurance & Reinsurance	—	—	37,396	37,396
Total	$ 441,396	$ 13,531,419	$ 37,396	$ 14,010,211
Net change in unrealized gain/(loss) related to securities still held as of January 31, 2016:	$ 52,094	$ (1,537,714)	$ 3,081	$ (1,482,539)

* Investments fair valued at zero.

Third Avenue Real Estate Value Fund

	Common Stocks	Preferred Stocks	Private Equities	Term Loans	Total
Balance as of 10/31/15 (fair value)					
Non-U.S. Real Estate Operating Companies	$ —	$ 38,086,911	$ —	$ 3,213,452	$ 41,300,363
U.S. Real Estate Operating Companies	19,909,988	—	109,980,014	—	129,890,002
Purchases					
U.S. Real Estate Operating Companies	5,021,048	—	—	—	5,021,048
Net change in unrealized gain/(loss)					
Non-U.S. Real Estate Operating Companies	—	(247,168)	—	(47,796)	(294,964)
U.S. Real Estate Operating Companies	110,767	—	(30,650,168)	—	(30,539,401)
Balance as of 1/31/16 (fair value)					
Non-U.S. Real Estate Operating Companies	—	37,839,743	—	3,165,656	41,005,399
U.S. Real Estate Operating Companies	25,041,803	—	79,329,846	—	104,371,649
Total	$ 25,041,803	$ 37,839,743	$ 79,329,846	$ 3,165,656	$ 145,377,048

Third Avenue Real Estate Value Fund (continued)

	Common Stocks	Preferred Stocks	Private Equities	Term Loans	Total
Net change in unrealized gain/(loss) related to securities still held as of January 31, 2016:	$ 110,767	$ (247,168)	$ (30,650,168)	$ (47,796)	$ (30,834,365)

Third Avenue Focused Credit Fund

	Corporate Bonds & Notes	Term Loans	Common Stocks and Warrants	Preferred and Convertible Preferred Stocks	Private Equities	Total
Balance as of 10/31/15 (fair value)						
Automotive	$ —	$ —	$ —	$ —	$ 4,250,000	$ 4,250,000
Chemicals	—*	8,989,922	—	—	14,643,720	23,633,642
Consumer Products	67,173,143	—	—	—	6,864,045	74,037,188
Energy	—*	7,799,732	16,493,010*	2,143,843(a)	487,769	26,924,354
Financials	—	2,067,635	—	—	—	2,067,635
Gaming & Entertainment	—	16,725,951	—	—	—	16,725,951
Manufacturing	48,958,986	20,696,255	21,782,361*	—	—	91,437,602
Media/Cable	—*	—	—	—	—	—
Services	33,658,828*	—	1,063,538*	355,023(b)	—	35,077,389
Technology	3,233,570	—	—	—	—	3,233,570
Transfer in/out of Level 3^						
Energy	88,427	—	—	—	—	88,427
Metals & Mining	17,783,791	—	—	—	—	17,783,791
Purchases						
Energy	—	36,758,697	—	—	—	36,758,697
Services	—	—	10,881,908	—	—	10,881,908
Utilities	—	500,000	—	—	—	500,000
Sales						
Energy	—	(10,425,000)	(1)	—	—	(10,425,001)
Financials	—	(1,925,114)	—	—	—	(1,925,114)
Gaming & Entertainment	—	(2,005,718)	—	—	—	(2,005,718)
Manufacturing	—	(55,625)	—	—	—	(55,625)
Services	—	—	(480,923)	—	—	(480,923)
Technology	(3,092,980)	—	—	—	—	(3,092,980)
Bond discount/(premium)						
Chemicals	(422,271)	53,220	—	—	—	(369,051)
Consumer Products	435,013	—	—	—	—	435,013
Energy	(16,842)	122,067	—	—	—	105,225
Gaming & Entertainment	—	29,900	—	—	—	29,900
Manufacturing	13,065	43,163	—	—	—	56,228
Metals & Mining	408,123	—	—	—	—	408,123
Payment-in-kind						
Chemicals	—	113,016	—	—	—	113,016
Consumer Products	5,659,252	—	—	—	—	5,659,252
Energy	—	619,209	—	—	—	619,209
Financials	—	16,013	—	—	—	16,013
Metals & Mining	3,410,229	—	—	—	—	3,410,229
Services	1,527,269	—	—	—	—	1,527,269
Net change in unrealized gain/(loss)						
Automotive	—	—	—	—	(2,300,000)	(2,300,000)
Chemicals	422,271	(53,220)	—	—	(444,542)	(75,491)
Consumer Products	(1,522,726)	—	—	—	(1,360,131)	(2,882,857)
Energy	915	(17,631,032)	(1,085,007)	—	(309,288)	(19,024,412)
Financials	—	436,709	—	—	—	436,709
Gaming & Entertainment	—	(3,280,599)	—	—	—	(3,280,599)
Manufacturing	(8,512,345)	(982,887)	(13,378,143)	—	—	(22,873,375)
Metals & Mining	(18,572,554)	—	—	—	—	(18,572,554)
Services	(2,434,878)	—	(4,283,681)	59,171(b)	—	(6,659,388)

Notes to Portfolios of Investments (continued)

January 31, 2016 (Unaudited)

Third Avenue Focused Credit Fund (continued)

	Corporate Bonds & Notes	Term Loans	Common Stocks and Warrants	Preferred and Convertible Preferred Stocks	Private Equities	Total
Technology	$ (3,233,570)	$ —	$ —	$ —	$ —	$ (3,233,570)
Utilities	—	(82,500)	—	—	—	(82,500)
Net realized gain/(loss)						
Energy	—	(3,841,700)	1	—	—	(3,841,699)
Financials	—	(519,570)	—	—	—	(519,570)
Gaming & Entertainment	—	93,327	—	—	—	93,327
Manufacturing	—	2,581	—	—	—	2,581
Services	—	—	(633,602)	—	—	(633,602)
Technology	3,092,980	—	—	—	—	3,092,980
Balance as of 01/31/16 (fair value)						
Automotive	—	—	—	—	1,950,000	1,950,000
Chemicals	—*	9,102,938	—	—	14,199,178	23,302,116
Consumer Products	71,744,682	—	—	—	5,503,914	77,248,596
Energy	72,500*	13,401,973*	15,408,003*	2,143,843(a)	178,481	31,204,800
Financials	—	75,673	—	—	—	75,673
Gaming & Entertainment	—	11,562,861	—	—	—	11,562,861
Manufacturing	40,459,706	19,703,487	8,404,218*	—	—	68,567,411
Media/Cable	—*	—	—	—	—	—
Metals & Mining	3,029,589	—	—	—	—	3,029,589
Services	32,751,219*	—	6,547,240*	414,194(b)	—	39,712,653
Technology	—	—	—	—	—	—
Utilities	—	417,500	—	—	—	417,500
Total	$ 148,057,696	$ 54,264,432	$ 30,359,461	$ 2,558,037	$ 21,831,573	$ 257,071,199
Net change in unrealized gain/(loss) related to securities still held as of January 31, 2016:	$ (30,619,317)	$ (22,031,381)	$ (19,736,356)	$ 59,171	$ (4,413,961)	$ (76,741,844)

^ Transfers in/out of level 3 are recorded utilizing values as of the beginning of the period. The transfers are due to increase/decrease in trading activities at period end.

* Includes investments fair valued at zero.

(a) Preferred Stocks

(b) Convertible Preferred Stocks

Quantitative Information about Level 3 Fair Value Measurements
(amounts in thousands)

Third Avenue Value Fund	Fair Value at 1/31/16	Valuation Technique(s)	Unobservable Inputs(s)	Range (Weighted Average)
Corporate Bonds	$13,531	Book Value	Restructuring value	$59.31
Other (b)	479			
	$14,010			

Third Avenue Real Estate Value Fund	Fair Value at 1/31/16	Valuation Technique(s)	Unobservable Inputs(s)	Range (Weighted Average)
Private Equities	$79,330	Broker Quote	#	$2.75
Preferred Stocks	37,840	Broker Quote	#	$128.37
Common Stocks	25,042	Option Pricing Model (a)	Share volatility	0.61% (N/A)
Term Loans	3,165	Book Value	Restructuring value	$108.33-$108.34
	$145,377			

Third Avenue Focused Credit Fund	Fair Value at 1/31/16	Valuation Technique(s)	Unobservable Inputs(s)	Range (Weighted Average)
Corporate Bonds	$144,956	Book Value	Restructuring value	$82.64-$108.33
Term Loans	44,668	Broker Quote	#	$56.50-$89.00
Common Stocks	23,812	Book Value	Restructuring value	$1.62-$64,774.25
Private Equities	19,882	Book Value	Restructuring value	$0.00*-$488.70
Term Loans	9,596	Book Value	Restructuring value	$83.50-$108.33
Warrants	6,005	Broker Quote	#	$12.99
Corporate Bonds	3,102	Broker Quote	#	$0.54-$7.58
Preferred Stocks	2,144	Book Value	Restructuring value	$1.91
Private Equities	1,950	Broker Quote	#	$0.20
Other (b)	956			
	$257,071			

Valuation techniques and significant unobservable inputs used by third-party pricing vendors or brokers, which are described in Note 1, were not provided to the Adviser. The appropriateness of fair values for these securities is based on results of back testing, broker due diligence, unchanged price review and consideration of macro or security specific events.
(a) Represents amounts used when the reporting entity has determined that market participants would take into account premiums and discounts, as applicable, when pricing the investments.
(b) Includes securities less than 0.50% of net assets within each respective Fund.
* Amount less than $0.01.
The significant unobservable inputs used in the fair value measurement of the Funds' investments are listed above. Generally, a change in the assumptions used in any input in isolation may be accompanied by a change in another input. Significant changes in any of the unobservable inputs may significantly impact the fair value measurement. The impact is based on the relationship between each unobservable input and the fair value measurement. Significant increases (decreases) in enterprise multiples may increase (decrease) the fair value measurement. Significant increases (decreases) in the discount for marketability may decrease (increase) the fair value measurement.

Security transactions and investment income:
Security transactions are accounted for on a trade date basis.

Foreign currency translation and foreign investments:
The books and records of the Funds are maintained in U.S. dollars. Foreign currency amounts are translated into U.S. dollars as follows:

- Investments and assets and liabilities denominated in foreign currencies: At the prevailing rates of exchange on the valuation date.
- Investment transactions: At the prevailing rates of exchange on the date of such transactions.

Payment-in-kind securities:
The Funds may invest in payment-in-kind securities ("PIKs"). PIKs give the issuer the option at each interest payment date of making interest payments in either cash or additional debt securities. Those additional debt securities usually have the same terms, including maturity dates and interest rates, and associated risks as the original bonds. The daily market quotations of the original bonds may include the accrued interest (referred to as a "dirty" price) and require a pro-rata adjustment from the unrealized appreciation or depreciation on investments to interest receivable.

Term loans:
The Funds typically invest in loans which are structured and administered by a third party entity (the "Agent") that acts on behalf of a group of lenders that make or hold interests in the loan. These securities generally pay interest at rates which are periodically pre-determined by reference to a base lending rate plus a premium. These base lending rates are generally either the lending rate offered by one or more major European banks, such as the London Interbank Offered Rate ("LIBOR") or the prime rate offered by one or more major United States banks, or the certificate of deposit rate.

These securities are generally considered to be restricted, as the Funds are ordinarily contractually obligated to receive approval from the Agent bank and/or borrower prior to disposition. Remaining maturities of term loans may be less than the stated maturities shown as a result of contractual or optional payments by the borrower. Such prepayments cannot be predicted with certainty. The interest rate disclosed reflects the rate in effect on January 31, 2016.

Forward foreign exchange contracts:
The Funds may be exposed to foreign currency risks associated with portfolio investments and therefore may use forward foreign currency contracts to hedge or manage these exposures. The Funds also may buy forward foreign currency contracts to gain exposure to currencies. Forward foreign currency contracts are valued at the forward rate and are marked-to-market daily. The change in market value is included in unrealized appreciation/(depreciation) on investments and foreign currency translations. When the contract is closed, the Funds record a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

The use of forward foreign currency contracts does not eliminate fluctuations in the underlying prices of the Funds' portfolio securities, but it does establish a rate of exchange that can be achieved in the future. Although forward foreign currency contracts limit the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency increase. In addition, the Funds could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts.

During the period ended January 31, 2016, Third Avenue Real Estate Value Fund and Third Avenue Focused Credit Fund used forward foreign currency contracts for hedging against foreign currency risks.

Option contracts:
The Funds may purchase and sell ("write") put and call options on various instruments including investments, indices, and foreign currency to manage and hedge exchange rate risks within their portfolios and also to gain long or short exposure to the underlying instruments.

An option contract gives the buyer the right, but not the obligation, to buy (call) or sell (put) an underlying item at a fixed exercise price on a certain date or during a specified period. The cost of the underlying instruments acquired through the exercise of a call option is increased by the premiums paid. The proceeds from the underlying instruments sold through the exercise of a purchased put option are decreased by the premiums paid. Investments in over-the-counter option contracts require the Funds to fair value or mark-to market the options on a daily basis, which reflects the change in the market value of the contracts at the close of each day's trading. The cost of purchased options that expire unexercised are treated by the Funds, on expiration date, as realized losses on investments or foreign currency transactions.

When the Funds write an option, an amount equal to the premium received by the Funds is recorded as a liability and is subsequently adjusted to the current fair value of the option written. Premiums received from writing options that expire unexercised are treated by the Funds, on the expiration date, as realized gains on written options or foreign currency. The difference between the premium and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or, if the premium is less than the amount paid for the closing purchase transaction, as a realized loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security or currency in determining whether the Funds have a realized gain or loss. If a put option is exercised, the premium reduces the cost basis of the security or currency purchased by the Funds. In purchasing and writing options, the Funds bear the market risk of an unfavorable change in the price of the underlying security or the risk that the Funds may not be able to enter into a closing transaction due to an illiquid market. Exercise of a written option could result in the Funds purchasing a security or currency at a price different from the current market value. The Funds may execute transactions in both listed and over-the-counter options. Listed options involve minimal counterparty risk since listed options are guaranteed against default by the exchange on which they trade. When purchasing over-the-counter options, the Funds bear the risk of economic loss from counterparty default, equal to the market value of the option.

During the period ended January 31, 2016, Third Avenue Real Estate Value Fund used purchased options on foreign currency for hedging purposes and/or to protect against losses in foreign currencies.

During the period ended January 31, 2016, Third Avenue Value Fund used written call options on equities to enhance the yield of the Fund. Third Avenue Real Estate Value Fund used written call options on foreign currency for hedging purposes. As of January 31, 2016, the Third Avenue Value Fund and Third Avenue Real Estate Value Fund no longer held any written call options.

2. INVESTMENTS

Unrealized appreciation/(depreciation):

The following information is based upon the book basis of investment securities as of January 31, 2016:

	Third Avenue Value Fund	Third Avenue Small-Cap Value Fund	Third Avenue Real Estate Value Fund	Third Avenue International Value Fund	Third Avenue Focused Credit Fund
Gross unrealized appreciation	$ 195,557,838	$ 54,797,536	$ 435,937,414	$ 12,662,802	$ 15,259,095
Gross unrealized depreciation	(234,725,185)	(29,567,563)	(180,018,109)	(87,095,056)	(497,686,718)
Net unrealized appreciation/(depreciation)	$ (39,167,347)	$ 25,229,973	$ 255,919,305	$ (74,432,254)	$ (482,427,623)
Book cost	$1,239,391,485	$255,364,951	$2,007,022,409	$188,583,910	$1,051,198,197

3. COMMITMENTS AND CONTINGENCIES

At January 31, 2016, Third Avenue Focused Credit Fund had the following commitments and contingencies.

Issuer	Type	Amount of Commitment	Funded Commitment	Value of Segregated Cash
Longview Power LLC	Revolver	$1,250,000	$500,000	$750,000

In the normal course of business, the Funds enter into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Funds' maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Funds that have not yet occurred. However, based on experience, the Funds expect the risk of loss to be remote.

Third Avenue Focused Credit Fund is a plaintiff in two separate litigations each pertaining to counterparties not performing their contractual obligations. The Fund is seeking damages from both counterparties.

Third Avenue Focused Credit Fund is a defendant in an action initiated by the issuer of bonds currently held by the Fund pertaining to the validity of a notice of default sent to the issuer. The Fund expects the risk of any loss from this action to be remote.

For additional information regarding the accounting policies of the Funds, refer to the most recent financial statements in the N-CSR filing at www.sec.gov.

OFFICERS

Martin J. Whitman — Chairman of the Board
Vincent J. Dugan — Chief Financial Officer, Treasurer
Michael A. Buono — Controller
W. James Hall — President, General Counsel, Secretary
Joseph J. Reardon — Chief Compliance Officer

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ABOUT THIRD AVENUE MANAGEMENT

Third Avenue Management LLC is a New York-based global asset manager that has adhered to a proven value investment philosophy since its founding in 1986. Third Avenue's disciplined approach seeks to maximize long-term, risk-adjusted returns by focusing on corporate financial stability, and price conscious, opportunistic security selection throughout the capital structure.

If you would like further information about Third Avenue Funds, please contact your relationship manager or email clientservice@thirdave.com

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